WHAT HAPPENED TO EUROPE---PAGE 10

THE FINANCIAL POST

The Canadian Newspaper for Investors

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HISTORY PROVIDES A WARNING AS TO PUBLIC FINANCE

Disastrous Project of Sir Francis Hincks Popular in Fifties

MODERN APPLICATION

People Being Misled by Glittering Generalities of Politicians—Treatment of Individual Rights is Bolshevism

By DR. J. MURRAY CLARK, K.C.

Since the beginning of present era of unrest, waste and extravagance I have often felt there is much to learn from the forgotten experience of our fathers with what was called the Municipal Loan Fund. The author of this disastrous scheme was Sir Francis Hincks, one of the outstanding public men of that day. He had in some respects genuine ability and, in matters which he understood, rendered considerable useful public service, but he was an idealist and a theorist without any practical grasp of the rigorous laws and unyielding facts of finance. He was patriotic and well-meaning but his patriotism and good intentions did not save the country from the inevitable consequences of his scheme which those able to think clearly on matters of finance perceived from the beginning. He possessed in an eminent degree that fatal fluency of persuasive speech with which so many of our politicians are endowed, and swayed the people for whom he expressed and probably felt sincere devotion, with superficial catchwords and glittering generalities not founded on the stern realities of economic laws. The confidence he inspired only enabled him to do infinitely more mischief than would otherwise have been caused by his scheme, and did not protect the people from the losses and distress resulting from disregard of sound business principles.

The enterprise was inaugurated with great eclat on the 10th November, 1852, by the Statute known as 16 Victoria, Cap. 22. The municipalities were to pass by-laws which were advocated by the demagogues of that day and borrowed the money specified from the Province which, in turn, borrowed from abroad. Those who warned the people that borrowed money would have to be repaid with interest were denounced as pessimists. By-laws were passed in many municipalities and those who shouted for lavish expenditures, for the time being, prevailed. It was not popular to point out that permanent prosperity could not be achieved by spending borrowed money. Indeed, as was said by an observant contemporary, no one in those days could be elected a poundkeeper in certain parts of this province unless, to use his own picturesque language, "he shouted with both hands for the Loan Fund."

The Day of Reckoning

The moneys were borrowed and spent but the day of inexorable reckoning duly arrived. Some municipalities could not and some would not pay the interest due the province, but the province had to pay the interest due its creditors and to raise the necessary funds by taxation. On the 1st January, 1873, less than twenty-one years after the scheme was started with a great hurrah, there were arrears amounting to $12,628,657.05. We now talk in billions but in those days debts amounting to over $12,000,000 were serious. The municipalities where wise counsels prevailed, and which had not borrowed from the Fund, complained that they were compelled to pay heavy taxes to meet the interests on moneys in respect of which other municipalities were in default.

Speaking on the subject in 1873, Sir Oliver Mowat (Mr. Oliver Mowat he then was) said, *"The effect was to diminish the value of municipal securities generally, and to corrupt the moral sense of the people with reference to moral obligations."* Sir Oliver Mowat did not overlook the material loss but rightly regarded the moral loss as tremendously more vital.

In several Ontario constituencies candidates appealed and, sad to relate, appealed successfully for support on the ground that they would defy the Government to collect the amount due in respect of such loans and the

Continued on page 16.

Bolshevism and Public Morals

DESPITE the final defeat of the revolution at Winnipeg, the efforts to upset constitutional government in Canada through fostering the spirit of discontent amongst the great body of workers are by no means abandoned. The Bolshevists of Russia and the "red" leaders in Germany realize that they cannot hope to successfully carry through their campaigns unless similar movements are started in other countries, and to this end their energies and finances are being devoted. Whether more serious conditions than have as yet been faced in Canada can be avoided in the future will depend largely upon the preventative steps taken by Ottawa. For the time being it is expected that no aggressive efforts will be made by the revolutionists. The attitude of the returned soldiers at Winnipeg, it is reported, has decided their leaders to wait until such time as the military gratuities have been expended and the men are more susceptible to communist propaganda.

This provides an immediate opportunity for Ottawa to act if a decisive policy can be formulated. Premier Borden, we understand, realizes the seriousness of the situation, but the effective steps taken to curb the activities of C. H. Cahan in the interests of public safety after he had been appointed by the Premier on the eve of his departure for England may be taken to indicate how deeply seated is this Bolsheviki disease. An immediate and vigorous investigation which would expose to the public satisfaction the truth of statements that German and Russian gold have financed the revolutionary efforts in Canada and expose the names of those who are guilty of treasonable conduct would be the most effective means of dealing with the insidious propaganda. Otherwise the plotters may be expected to change the cloak of their methods often and cleverly so as to take advantage of the unsettled state of public opinion, which is being fostered—in many cases innocently, no doubt—by so many of those who follow the band wagon of short-lived but popular political and social quacks.

Municipal Ventures Past and Present

IN the financial and investment world the spirit of the times finds reflection in the tendency of legislation being passed by a number of provinces in Canada. This deplorable tendency has been previouly referred to by THE FINANCIAL POST as a menace to public credit. The people are carried away by popular movements which are fathered by clever politicians seeking votes and fail to realize the dangers which lie before them. At such a time food for serious thought is supplied in the article on this page by Dr. J. Murray Clark, K.C., which recalls the financial exploits of Sir Francis Hincks in the fifties when the municipalities of Upper Canada were drawn into a beautifully-painted rainbow of speculation which had no pot of gold at its end, but resulted in losses of some $13,000,000 and placed many communities in a very critical position.

At that time Oliver Mowat—later Sir Oliver—declared that the effect of the Hincks financial privateering not only diminished the value of municipal securities generally, but CORRUPTED THE MORAL SENSE OF THE PEOPLE WITH REFERENCE TO MORAL OBLIGATIONS. His words may aptly be applied to point out the serious menace of the present situation.

The parallel between many aspects of the well-meant efforts of Hincks in the fifties and the projects of Sir Adam Beck to-day is not hard to find. It remains to be seen whether the enthusiastic but questionably sound schemes of the latter will meet a better fate. The manner in which he has ignored fundamental economic principles at different times gives ground for serious apprehension. THE POST has time and again appealed for an independent inquiry into the whole Niagara power development by competent engineers and financiers and believes that there is increasing need for such action.

The Investment Bankers' Association of America, which has already protested to Ottawa at the treatment accorded American investors in Niagara projects, has appointed a committee to investigate the whole matter and that committee is now gathering information.

The attention of the members of this body is directed to the fact that each municipality, separately and collectively, guarantees bonds and notes of the province, the proceeds of which are handled by the Hydro-Electric Power Commission—dominated by Sir Adam Beck—and that the Government has the sole say in the appointment of thi commission.

A recent audit and official report of the operation of the system made by Clarkson & Company on behalf of the Ontario Government, and covering a period from 1906 up to October 31st, 1917, showed that over $28,000,000 had been expended by the Commission, and the surplus shown earned by the municipalities net was $186,729.80 for the eleven years.

Loose Bookkeeping Methods

This report shows, however, that the Government of the Province of Ontario, in order to help the Hydro in their enterprise, assumed liability and paid for $1,117,433.86 expended by the Hydro largely for the promotion of business, and in addition to this the sinking fund required by the Act to be charged to each municipality and included in the cost of power and used to discharge the loan from the Government has not been charged or collected for the first five years of operation of each municipality. The consequent conclusion is that there is a large deficit actually accrued from the operation of the system, and that should a change of Government occur or a proper audit be made to reveal the true state of affairs, the 230 municipalities, who are the guarantors, would be called upon to make good. This state of affairs would lead an investigator to the belief that there is an unrevealed liability as of October 31st, 1917, which should appear on the municipal statements of these cities and towns.

An estimate of the amount of power procurable from this development has been placed at 300,000 horse power, but from information based on the water obtainable, and the design of the works, it is stated that 260,000 horse power will be the maximum. With interest at 6 per cent. and operation and maintenance normal it is believed that the power will cost at the generating plant at least $18.00 per horse power year compared with the private plants' power, which is estimated to cost less than $12.00 on the average.

The plant will be the property of the Hydro and their shareholders, the municipalities, but it is predicted that when completed and for some time thereafter, it will entail heavy carrying charges upon the municipalities. No mention of any such liability will be found in any municipal financial statement and, as there is a strong possibility of the same kind of troubles experienced in the construction of the Panama Canal before the work is finished, and after operation, it is feared by engineers familiar with the conditions that the capital cost and maintenance costs will be so excessive as to entail heavy charges on those interested.

Disquieting Rumors Regarding Chippewa Project

This is a state of affairs which adds emphasis to the demand for an independent and thorough inquiry to establish whether or not the Beck schemes are sound from an engineering and financial standpoint. Further, there are disquieting rumors regarding the work on the Chippewa project. Complications with quicksand in the big cut are said to be responsible for the report that the whole will have to be lined with cement at a considerable cost. In fact, there are reports that on this account and because of the high cost of labor the whole project may be suspended. In this connection it is said that expert engineering advice secured at this late date fails to endorse the whole scheme and that a change may be made to get a better intake for the water desired. This may have a bearing upon the announcement that negotiations will be opened for the purchase of the Electrical Development interests, the site of the latter being considered one of the best on the river, and one which could be used by the Hydro to advantage.

WHOLE WEST IS TORN BY ACTION RE WHEAT MARKET

Many Serious Complications to Follow Closing of Exchanges

FARMERS DISSATISFIED

Useful and Effective Machinery Being Dispensed With—Complaint That Tendency Will be to Hold Price to $1.75

By E. CORA HIND,
Commercial Editor, Manitoba "Free Press."

WINNIPEG.—The whole West is torn up over the action of the Dominion Government in again closing the exchanges. The claim that the action is in accord with the request of the Council of Agriculture is borne out by the recent resolutions of that body, nevertheless the secretary, Norman Lambert, and the vice-president, Roderick McKenzie, express strong disapproval of the proposed advance of only $1.75 per bushel, and do not hesitate to state that they think that this will practically fix the price to the farmers.

The Grain Exchange is very naturally indignant as the members had the promise of the Acting Minister of Trade and Commerce that if it was found necessary to make any departure from the arrangements concluded when they were given permission to reopen the market that the Exchange would be duly notified and consulted. No member of the Exchange and no member of the Council of Agriculture as such was invited to the conference.

Farmers are most indignant, and letters and telegrams are pouring into the newspapers and the Grain Exchange. One big district in Southern Manitoba wired the president of the Grain Exchange that they would back any movement the Exchange started to keep the market open.

Millers Not to Blame

From a political standpoint it seems suicidal for any Government to take the stand of closing the market when the price was going up. Of course the milling companies are getting the blame on engineering this latest move, but on the surface at least the action seems to have been entirely that of the Minister of Trade and Commerce.

So far little detail as to the actual working out of the Commission to buy the wheat crop of the present year has come to hand beyond the official statement of the powers that will be granted to the Commission or board, which said powers seem to be very wide indeed. The statement that has appeared in connection with the new plans for handling the crop, that the commission or board will be similar to the Grain Corporation of the United States, of which Julius Barnes is the head, is evidently incorrect, as already it is announced that the new board will be made up of representatives from various interests and that consumers and labor will have a place on it.

The wheat corporation in the United States is in reality a one-man concern, and that man is Julius Barnes. He has an advisory committee, but it is safe to say that outside the immediate grain trade there are probably not a dozen people in the States who could name that advisory committee. They are all experts, and they sit in an advisory capacity, and nobody but Mr. Barnes appears in the public eye. He is the Grain Corporation to all intents and purposes.

U. S. Abandoned Plan

Very early in the present year a plan almost identical with the one now proposed in Canada was suggested in the States. It was looked into very thoroughly by Barnes and his committee, and abandoned as absolutely impracticable. Without full details no definite pronouncement can be made on the plan, but it is quite easy to see that there are many obstacles in the working out of what is apparently the proposed scheme. It may be that none of these obstacles are absolutely insurmountable, but they are serious, nevertheless.

To consider a very minor one, even, that of bookkeeping and printing of the necessary forms. It is within one month of the opening of the new crop movement. It is claimed that the

Continued on page 16.

THE VANDERLIP SERIES

The fourth instalment of "What Happened to Europe," written by Frank A. Vanderlip, who recently resigned as president of the National City Bank and has long been recognized as one of the leading bankers of the United States, starts on page 10. THE FINANCIAL POST obtained publication rights by special arrangement and copies of issues containing previous instalments are available for new subscribers.

SIR DONALD MANN INTERESTED IN MINES

Will Devote Himself to Development of Properties on Pacific Coast

By Special Representative.

VANCOUVER.—Sir Donald Mann was in Vancouver recently after a trip of inspection to a number of mining claims in the Portland Canal district, and announced that he had decided to devote the remainder of his life to mining, taking up his permanent residence in Vancouver. He will go east to complete some business arrangements, after which he will return to the coast, according to his announced intentions. He reiterated the statement made in the North that he was through with railway building. The mines of British Columbia, he said, would provide her biggest exports. Up at Stewart, which was a big district, not near enough work was being done in a mining way. He was working, he said, on the Big Missourian claim and intended to have work in progress on two claims winter. Values ran from two dollars to two thousand dollars per ton. Sir Donald will ask Government assistance in the building of a road to his properties.

Inquiries at Sir Donald's office in Toronto bring information to the effect that while the "Railroad Knight" is taking a large interest in the development of Pacific mining properties, he will not, for the present, at least, be moving his home from Toronto.

BLIGHT AND BLACK RUST IN MANITOBA

Heat Has Also Taken Toll in Crop Damage—Rains in Other Provinces

By E. CORA HIND,
Commercial Editor, Manitoba "Free Press."

WINNIPEG.—The extreme hot winds and hot nights of last week and the early part of this week have taken serious toll of the Manitoba crop, and reports of considerable damage from blight and black rust are coming in from very many points. Much of the crop was ahead of the rust, and quite a little wheat is already cut, but the heat damage has taken toll of practically every field. There has also been very considerable hail damage in certain localities. This does not mean any total loss such as has been suffered in Alberta and South western Saskatchewan, but it does mean that many fields that promised 25 to 30 bushel yields less than ten days ago have been cut down to 15 and 20.

In Northern Saskatchewan feed conditions have been materially improved with recent rains, and Alberta also reports improvement, but the whole south is still very, very dry. This week serious hail damage is reported from the greater production farms on the Indian Reserves at Cluny, which was one of the few good districts in Alberta this year.

TELEGRAPH RATES CUT

Postal Company's Announcement on Taking Over Wires

NEW YORK.—When control of the telegraph systems of the country was formally relinquished by the Government, a reduction of 20 per cent. in rates was made immediately on the lines of the Postal Company, but the Western Union will retain the schedule put into effect after Postmaster Burleson took control on April 1.

Clarence H. Mackay, president of the Postal Company, announced in a statement to-day that the rate reduction would be made "in accordance with its promise to the public." He qualified the announcement, however, by saying that if expenses continued to mount, charges might have to go with them.

MARKETS SHOW GOOD DEAL OF SLUGGISHNESS

Trading is Light and Prices Tend to Soften Somewhat

BULL MARKET ENDING

Opinion Expressed in New York That Final Stages of a Bull Market Have Been Reached

A somewhat variable tone has been noted in the stock markets during the current week, but on the whole tendencies have been towards sluggishness and weakness. Trading has been rather restricted and this has not been helped by the closing of the exchanges on Saturday and the prospect of the holiday on Monday. This is the peak of the holiday season and the markets are acting accordingly. Even in New York things have been a bit slow, and the tone has been reactionary. In the mining market conditions are also decidedly dull. The strikes drag on in the mining camps and with mines closed down, there is little or no incentive either to buy or sell stocks. Some attempt is being made to inspire confidence by predicting an early termination of the trouble and resumption of operations but there is apparently little ground for this as both sides are showing a good deal of determination.

The bond market is very quiet and business has fallen off. With the big domestic loan looming up in the distance, prices are becoming unsettled. Dealers are refraining from buying new issues and investors are waiting to see what will develop before making fresh purchases. In the meantime there is a fairly steady sale of industrial issues, the high yields on which render them attractive in any case. As for the war bonds, they continue soft and there has been a good deal of selling going on. This is practically entirely attributable to the belief that holders can turn them over now and buy new bonds or re-invest them in old bonds at more favorable rates later on.

Comments on U. S. Markets

In their latest market letter, Hayden, Stone & Co., Boston, express the opinion that the final stages of the recent bull market have been reached.

"This does not mean that we are immediately in for a continuance decline," they remark; "on the contrary, this churning process may continue for sev-

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Notice is hereby given that a dividend at the rate of 10 per cent. per annum upon the Paid-up Capital Stock of the Union Bank of Canada has been declared for the current quarter, and that the same will be payable at its banking house in the City of Winnipeg, and also at its branches, on and after Tuesday, the 2nd day of September, 1919, to shareholders of record at the close of business on the 16th day of August next.

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By order of the Board.

H. B. SHAW,
Winnipeg, July 17th, 1919. General Manager.

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SOME ALBERTA OIL WELLS ARE SHOWING PROFIT

Southern Alberta Oil and Refineries Pay Good Dividends

SOME DIFFICULTIES

Trouble in Securing Drilling Equipment and in Securing Skilled Labor Causes Delays to Operations

By EVERETT MARSHALL,
Editor, "The Market Examiner."

CALGARY.—When a company, after three years of production, is able to show a total surplus of $137,065 on a capitalization of $130,000, of which only $103,302 has been issued, it speaks fairly well for the oil industry of Alberta, which has unfortunately, owing to mismanagement on the part of many promoters, received more knocks than boosts. At the annual meeting of the shareholders of the Southern Alberta Oil Co., Ltd., the annual statement will show that the year's operations netted a profit of $72,635.66, from which there will be deducted a dividend of 15 per cent. The annual report issued for the previous year, which closed June 30, 1918, showed the company with a surplus of $64,429.84, after paying a dividend of 12 per cent.

In the report to be presented to the shareholders, the directors, through Wm. Livingstone, the manager and managing director, in commenting on the past year in explaining the limited amount of development work which has been done on No. 2 and No. 3 wells, which are being drilled in the same territory as their No. 1 well, refers to the difficulty of securing drilling equipment and the necessary skilled labor, as also the delays which were caused by strikes locally. However, some work was done on No. 2 well and it is now in the position of containing quite a lot of oil, and it is a question in the minds of the directors whether it would be advisable to put the pump on it or endeavor to drill down until the oil bearing sand is entered from which No. 1 is drawing its steady supply.

The financial statement of the affairs of the company shows that it is being very economically administered, as the sales of crude oil were $90,090 and after writing $10.010 off the cost of No. 1 well, and also deducting $3,336 for depreciation on equipment, there is still a profit of $72,635.66 to be added to last year's surplus, so that the company is in a splendid financial position to continue drilling operations on their projected wells.

Profit and Loss

Sales and fees	......	$90,144
Expenses	$ 4,162	......
Reserve	3,336	......
Written off	10,010	17,509
Surplus	......	72,635
*Previous	......	64,429
Total	......	$137,064

* Less dividends.

The stock of the company is held locally and also quite a block of it in the hands of Chicago capitalists. The quotation of the shares on the Calgary stock exchange is from $3 to $3.50 per share.

Alberta Refineries

A ten per cent. dividend has been declared by the Southern Alberta Refineries, Ltd., a company which is operating in the Okotoks field, and is handling the crude oil produced by the Southern Alberta Oil Co., and also a small amount which has been produced by the well of the Alberta Southern Oil Co. During the year the company has purchased crude oil to the value of $82,297, and disposed of refined product to the value of $148,840. At present the plant is being extended with a view of handling more of the by products after the gasoline, kerosene and distillate have been extracted. Another important step during the year was the purchase of a couple of tank cars and the securing of sites where storage tanks and supply stations have been installed. One of the largest single items of expense in the company's operations is the haulage from the refinery to the railway at Okotoks, a distance of about eight miles, over which their output has to be trailed by either teams or auto trucks, according to the season of the year. For the year ending with June, 1918, the company also declared a dividend of 10 per cent.

Profit and Loss

Trading income	......	$38,245
Salaries	$ 5,250	......
Depreciation	13,000	......
Reserve	500	18,750
Surplus	......	19,495
*Previous	......	8,359
Total	......	27,854

* Less dividends.

An award of £590,000 damages was given to the Marconi Company in a suit for breach of contract brought against the British Government. The contract was in connection with the construction of the Imperial wireless system.

U. S. CREDIT FOR BRITAIN

Billion Dollar Arrangement Announced by N. Y. Bankers

NEW YORK.—The announcement that local bankers have undertaken to arrange a billion dollar credit for Great Britain to finance exports of cotton to that country awakened the keenest interest in banking circles.

The significance of this financing, as viewed by bankers here, is that it will have a powerful stabilizing effect on sterling exchange. It may even possibly prevent any further important decline in the rate, bankers thought, pending formation of the omnibus credit organization on which bankers are now working.

It is understood that among others the following bankers and banking firms are associated with J. P. Morgan & Co., in the negotiations with Great Britain:

Guaranty Trust Co., Equitable Trust Co., Mechanics and Metals Bank and the firm of Bernhard, Scholle & Co.

CONTROVERSY RE B.C. LUMBER DEAL

Sir Douglas Cameron Blames Millmen, But Melville Dollar Takes Issue

By Special Representative.

VANCOUVER.—That British Columbia lumbermen had not been awake to the possibilities of the European market was the statement made this week by Sir Douglas Cameron, Lieutenant-governor of Manitoba, and president of the Rat Portage Lumber Co., of Vancouver. B.C. lumbermen, he said, were slack and had not availed themselves of the opportunities offered. It did not create a favorable impression to find that the order for 70,000,000 feet of lumber placed here several months ago, had not been moved. There was also a great demand, he said, for Canada's lumber from points to the south of the international boundary.

Mr. Melville Dollar, local head of the Canadian Robert Dollar Steamship Co., takes issue with Sir Douglas on the movement of British lumber order, saying that it was not the fault of the mills that the lumber had not been moved. "The fact is," he says, "that the millmen are tired seeing the lumber lying around, but they cannot get rid of it until the Admiralty takes it away. The order was given not for delivery in the United Kingdom, but here, and the mills are ready to deliver just as soon as the bottoms are furnished. Mr. Dollar added that had not the lumber been shipped to the Admiralty, it could have been disposed of to later buyers at higher prices.

NEW LEASE OF LIFE FOLLOWING STRIKE

One Industry Which Will Go Ahead Even Though Demand Has Been Deferred

According to information given to FINANCIAL POST this week, one large industry in Toronto, that has been seriously affected by the metal workers' strike, is going to go ahead now as rapidly as possible, even in view of the fact that what can be turned out now will be of no use for this season's trade. There has been a loss, and a fairly large one, for all concerned, by reason of the strike, but there is no inclination now to make matters worse.

One of the officials, explaining their attitude, remarked: "We are going ahead with our manufacturing program, depending largely on the efficiency of our selling organization to see us through next year. In the past the mistake has been of too great timidity in these matters. A manufacturer would get his line and find out how many could be disposed of. Perhaps some selling organization would be approached, and from the head office the query would be sent out to all branch managers, asking how many of these articles could be disposed of in his territory. Well, what happened? If such a query would come to me I would be conservative, not having looked over the field, and say that we might dispose of a hundred. Other branch managers would look at the proposition in the same light, not wanting to go ahead and get filled up with something that was new and unknown as far as the attitude of the people toward it was concerned. Well, the result would be that the manufacturer would get reports that he could expect to dispose of a thousand, whereas with good selling the amount might be made up to ten thousand. And so he would go ahead on that basis, in a small way, with high production costs and come into the market against imported lines that had been turned out on the basis of quantity production."

This particular firm is already getting work under way, so instead of the plant being closed for the winter, as had been seriously considered a week before, it will be running full time.

BRIGHT OUTLOOK FOR CANADIAN PULP AND PAPER

Firmer Prices For Newsprint With 800,000 Tons Output

GETTING SCARCER

Big Market in States Has Small Surplus—Pulp Situation Improving — Two New Machines

With the approach of the time when the control by the Government at Ottawa shall have been lifted from the paper industry in Canada, the prospects grow brighter for the mills. With about 90 per cent. of their output going to the United States, it is important to note that reports indicate that the demand there will be greater than ever. An analysis of the monthly reports of the Federal Trade Commission for the past year, covering as they do over 700 publishing firms, shows that the surplus on hand is rapidly decreasing. The figures for the month of June showed a supply for only 37 days, as compared with 56 days one year ago, 61 in July of last year, 65 in August, 58 in January, 45 in April, and 43 in May. In the same month of June the Canadian mills produced 17,000 tons of newsprint more than in June, 1918, while the production of the American mills remained about what it was before.

Shrewd paper buyers, THE FINANCIAL POST is informed, are placing contracts for as long as two year periods, irrespective of what may develop in connection with price-fixing proceedings. Indeed the situation is rapidly assuming the form it took at the end of 1917, when a paper famine was feared. Many of the Canadian publishers, that is, the larger ones, placed contracts at $60 and over for the year when the fixed price in Canada was only $57, and their foresight was proved when the fixed price was raised to $69. The open market in the United States is quoted at about 4 cents a lb., or some $80 a ton as compared with the $69 price in Canada and $75 in the United States.

It is estimated that Canada will produce between 700,000 and 800,000 tons of newsprint this year as compared with 625,000 to 630,000 last year. There will soon be in operation two new machines, the Brompton, already in operation, which will turn out 100 tons a day, and Price Bros., with a capacity of some 200 tons daily.

While the newsprint situation has held well ever since the armistice, pulp demand fell off sadly. There is a considerable improvement now reported, as surplus stocks have been pretty well used up. The demand for kraft paper has opened up briskly again. For a time the demand for wrapping papers, for which kraft pulp is used, fell off seriously, and some mills changed over to other lines. The demand for the wrapping papers, however, has come back with a rush, and there is now a shortage reported.

An improvement is reported also in shipping facilities.

MACHINERY TRADE

Improvement Noted Following Ending of Strike

Machinery dealers report business as improving. One of the causes of improvement may be the end of the strike here, and another is no doubt the fact that the machinery market is on the rise, and business generally comes easier when the purchasers become convinced that they will have to pay more later on.

"The best week's business of the year," is the way the manager of one of the largest concerns in Toronto sized up the situation, after checking over the sales for the past few days. He made a point too that the business was new machinery, and did not include quotations or deals on used machinery. The used machine bogey has been with the trade for some time, and shows no inclination yet to clear out entirely.

Prices on machine shop equipment are up. For instance, one maker of automobiles got a quotation about the middle of June on a quantity of chain blocks. One size went at $87, but the business was not closed at once. This week the figures were recalled as the ruling price now will be about $112.

The exchange rate is causing some concern in the machinery trade. In fact notices have been sent by several firms saying that prices in the future will bear the exchange rates on the date of shipment.

With the crown quoted at 2½ cents, the lowest figure in history, Austrian newspapers and bankers freely predict bankruptcy within a few weeks unless the financial terms of the peace treaty are modified.

STEEL PRODUCTION

Continues at About Seventy Per Cent. of Capacity

PITTSBURGH.—Steel production continues at the rate of about 70 per cent. of capacity, measured on the ingot basis. Some works have increased output in the past week or two, while a few have decreased. The volume of business is fairly large, but it is poorly distributed, giving full operation to some departments of the industry but light operation to others. The greatest need of the industry is a reasonable volume of railroad buying, while the next is greater activity in large construction projects. There is fairly steady improvement, however, along that line. As to railroad orders the prospects are as poor and uncertain as ever, or indeed worse since the director general has just denied the apparently authentic report of a month ago that the railroad administration was about to buy 300,000 tons of rails. He even states that no estimates have been made as to the immediate needs.

DEVELOPING THE EXPORT MARKETS

A Demand for Woodenware, Enamelware, Boots, Shoes, Etc., is Being Met

By Resident Representative.

MONTREAL.—Very encouraging are the prospects for Canadian export trade held out by the Export Association of Canada. From a small organization this has grown to such proportions that a staff of over fifty are now employed in Montreal. Just at present there is a strong demand for almost all kinds of woodenware, such as furniture parts, handles, etc., and the latest is a blanket order for £10,000 of mouse and rat traps—an annual affair.

Then there are large quantities of enamelware being shipped over, in which firms like Sheet Metal Products, Thos. Davidson Mfg. Co., McClary Mfg. Co. and others are represented by a large production.

Boots and shoes, not only of medium, but the finer grades, are very acceptable both in England and the Continent.

Trade with South Africa is promising in spite of serious difficulties in shipping, for in most cases goods have to be sent via New York. The chief demand in this case comes for pianos, boots and shoes, paper, particularly book and writing, toilet, envelopes, etc., general hardware, and so on. It is expected shortly to do a good business in overalls, which are now being introduced into South Africa.

LUMBER DEALERS REPLY TO CHARGES

Coast Manufacturers Say That There Has Been No Discrimination Toward Prairies

By Special Representative

VANCOUVER.—A mild sensation was caused in Vancouver lumber circles by the receipt of a press dispatch from Calgary, which stated that Calgary contractors had sent a wire to Sir Robt. Borden, urging that an investigation be instituted into the high prices of lumber charged by coast manufacturers. The Calgary people charged profiteering in prices, that Canadian consumers were discriminated against while American buyers were favored. It was claimed also that, as a result business was held up on the prairie, and that industrial unrest was following.

When apprised of the charges, secretary R.H.R. Alexander, of the B.C. Lumber Manufacturers' Association, said that this had been the first complaint the coast men had ever received from Canadian builders on prices charged, and that he feared no investigation. "As a matter of fact," he said, "we have been doing very little business with prairie buyers, who have been doing most of their business with the mountain mills. It is true that we have been doing a big business with American buyers but they are paying higher prices than the prairies. There is no discrimination. We are simply carrying on business as usual, supplying all markets that we are able to. There is not the building going on this year that we had hoped for, and as a matter of fact prices are not as high as this time last year. It is the same in the lumber industry as any other line of business; when the cost of operation increases then the prices of the commodity must be increased accordingly."

In a Paris "Herald" copyright interview, Edward R. Stettinius, of J. P. Morgan & Co., says that problem of financing foreign purchases will be solved satisfactorily. It will be entirely up to bankers to handle situation now that American treasury credits are practically exhausted, unless Congress takes further action. The problem is being studied with a view to discovering just what amounts will be required.

WHY HENDERS FELL OUT WITH GRAIN GROWERS

A Believer in Intelligent Reduction of National Tariffs

IS NOT A RADICAL

Late Leader of the Manitoba G.G.A. is Still for Free Trade, But Believes It Must be Reached by Evolution

By Special Representative

WINNIPEG.—The resignation of R. C. Henders from the presidency of the Manitoba Grain Growers' Association at the meeting at Brandon, to discuss his attitude in supporting the Borden Government's tariff program in the Dominion House, emphasizes the delicate situation in Western politics as between the extreme and moderate tariff reformers. Under the circumstances the views and connections of Mr. Henders have a national significance. Interviewed by the FINANCIAL POST at Winnipeg, following the Brandon meeting, he expressed the conviction that he had voted in the interests of Canada as a whole and that the time would come when present critics would realize the soundness of his position.

"Are you in favor of free trade?" he was asked.

"I certainly am. But the time for a complete removal of the tariff is not opportune just now. In fact, I do not think the tariff should at any time be removed at one swoop. Such a drastic move would inevitably dislocate trade conditions and create a state of financial chaos for the time being. The present industrial unrest renders it even more necessary than usual that no sweeping change take place at once. But I believe in the gradual reduction of the tariff until it completely disappears.

International Relations

"At the same time, others outside of Canada must be consulted. Our friends across the border must be prepared to meet our views. Personally, I believe every country in the world should be run on a free trade basis, but United States industries are protected to some extent at the present time."

"Do you think free trade would lead to annexation?" he was asked.

"No!" said Mr. Henders. "Canada is well off now in regard to international politics. Annexation would not benefit us, so far as I can see, and neither do I see any reason to suppose free trade would be the forerunner of an amalgamation with the States."

He went on to say that he believed the largest manufacturers in Canada were quite prepared to compete with American manufacturers without protection, provided the raw material was available at the same cost as to Americans. Canadian manufacturers who could not compete with American manufacturers on even terms were inefficient and the country was better off without them.

"Free trade," said Mr. Henders, would remove present artifiicial trade boundaries, and would allow commerce to assume its natural course and growth. Ontario manufacturers, under free trade, would sell their products to the Eastern provinces and the Eastern states. Until Western Canada developed its own manufacturing industries, as we undoubtedly will in time, we would receive a large part of our manufactured articles from firms in the Western States."

The Revenue Problem

"How would you propose to raise revenue to make up for the removal of the tariff?"

"Just run things like any good business concern would. Find what the country's requirements are, and then tax all the people fairly and equitably to cover the amount. Naturally, taxes would be somewhat increased, but the people would soon realize they are simply paying in one form instead of another, and that they are really further ahead than under the old high-tariff system, which to my mind is the most costly method possible to introduce for the raising of revenue."

Mr. Henders also feels that the present tariff is probably responsible for keeping out of the Canadian West a large number of desirable American settlers who like our land, but do not care to come here and pay so much more for most things they purchase. Keeping out this class of settler is a great retardment to the development of Western Canada.

"My views are just the same now as they have always been. The tariff should go—but gradually. It's a matter of evolution."

The British Parliament has passed the second reading of the bill to aid Sudan to borrow $30,000,000 for irrigation, railway construction and development of 300,000 acres at confluence of Blue and White Nile rivers.

NEWSPRINT PRICES

No Early Reduction Looked Fir in United States

NEW YORK. — Manufacturers of newsprint do not look for any reduction in the price of their product when Government regulation of prices ceases. On the contrary, they maintain quotations higher than present figures will prevail for some time to come. It is their contention that until the readjustment of the industry to a normal basis is well under way and production costs are lowered, particularly labor, prices will remain high.

HUDSON BAY CO.

Increased Profits in Fur Trade are Shown

LONDON.—Accounts presented at to-day's meeting of the Hudson's Bay Company showed a profit on fur trade of £160,382, against £44,045, and sale at shops and other trading profit of £206,543, against £234,600.

The chairman, Sir R. Kindersley, said the epidemic of influenza last year resulted in considerable mortality amongst the aboriginal tribes from which their principal fur hunters were drawn. This would doubtless have a somewhat adverse effect on collections of furs, but if prices ruling at the moment were maintained, as seemed probable, the directors looked forward to a satisfactory return from this branch of the business. Next year they were specially concentrating on organization and development of this side of the business. The stores department continued to show satisfactory progress, particularly in the larger centres where modern stores were situated. In the prairie centres results were not so good, the effect of bad harvests being generally and severely felt. The land department results were satisfactory. In the farm lands sections, being second highest in the history of the company, 285,561 acres were sold for £1,023,071.

BIG STEEL SCHEME FAILS AT GODERICH

Explanation is Given That Real Estate Troubles Caused Failure of Plans

The proposed big steel plant for Goderich has fallen through, according to a letter sent by B. H. McCreath, an official of the company. Apparently the company is blaming its failure to go ahead on the prices demanded for the property needed. The letter, as sent to the Goderich Signal, says, in part:

"It is my desire tha tthe people of Goderich should have the actual facts with regard to the events in connection with the Lake Huron Steel Corporation and the opportunity that has been lost by the failure of the citizens to co-operate and carry out their moral obligations.

"Since the week I went before the Council there has never been a doubt as to the big company locating here if I could carry out the obligations and promises I have made. One by one the obstacles were successfully met and I asked the committee in charge of the land-optioning to clean up their options ready for quick action.

"In the meantime the industrial unrest that had settled over certain communities threatened to become general and it became almost impossible to finance the purchasing of $164,000 worth of what was practically farm property. Almost as suddenly as it came, however, the general strike was called off and I was in a position to go ahead immediately.

"On Monday, June 9, I went to Goderich and to my surprise found that certain persons in the town were preparing to hold up the whole project. Let me give seven examples of the treatment I received, keeping in mind that I was merely acting in the interests of the town in bringing here such a large industry and one that would in a few years grow to be as important as any in Canada.

"1. Option given by husband, but part of property in wife's name. Later wanted $8,500 more for her portion.

"2. Option expired June 6. Cheque for full amount mailed, but owner refused to accept, claiming option was not binding. Was ready to go to court.

"3. Option expired June 4. Cheque for $50 accepted, but when we called at solicitor's office were told agreement was off and papers taken away.

"4. Option expired June 8 (Sunday). Called and offered cheque, but said he had no authority and property in daughter's name.

"6. Option expired June 6. Fifty dollars sent on that date to bind agreement, but when we called June 9 to pay balance owner refused to carry out sale.

"7. Option given subject to son's consent. Latter wanted $15,000 more than option called for.

"One can imagine my feelings at such a turn of events. I did what I could to convince the different parties that they were merely killing the whole project, but it seemed useless to argue. When I presented the matter to my associates you can readily see the outcome. If that was the stand the people took, the whole matter was off, and to-day Goderich stands alongside five other towns with nothing more to offer than three of them and in my judgment much less than the two others.

"May I say frankly that a prominent citizen, owning property on the Bayfield Road, is directly responsible for this state of affairs. His demand set the standard for the whole district and to his door can be laid the difficulties that have been met with. The fact that it was unintentional does not alter the ultimate result."

Japan's merchandise foreign trade in March, 1919, totaled 303,612,288 yen (a yen equals 50 cents), against 308,934,116 yen in March, 1918, and 296,058,832 yen in February, 1919.

SAWYER-MASSEY ON THE ROAD TO BETTER TIMES

Hamilton Industrial, Once Market Favorite, Improves Its Position

MAKES EXPORT LINE

Finds in the Manufacture of Grain Separators For U.S. Market a Useful Outlet For Its Production

By Staff Representative

HAMILTON.—The fact that quotations on Sawyer-Massey preferred have doubled since the first week in April has created considerable interest in the present condition of this old industrial, which, during the past few years, seemed to have fallen upon evil days. The price quoted in April was 30, whereas to-day the stock is selling around 60, and is evidently finding buyers at this figure.

It was the year 1913 that proved the "unlucky" one for Sawyer-Massey. Over-production combined with unwise credits and bad collections produced a very poor showing. The following years were no better. The preferred dividend was dropped in 1914 and has not been paid since.

With the outbreak of war the company went into the production of munitions without success or profit, and during the succeeding years the statements issued by the company were anything but satisfactory to the shareholders.

The situation became more acute last year because of the Government's action in admitting American tractors free of duty into Canada. Prices immediately dropped to a point that made it impossible for Canadian manufacturers of tractors to make money; 1918 crops, too, in Alberta and Saskatchewan were not good, so that altogether the situation as relating to the company's future seemed to be clouded with uncertainty.

The directors evidently decided on a change. They looked about to find a "Moses," who might place the company in a more stable position and were successful in securing the services of H. W. Hutchinson, one of Winnipeg's solid business men, who had been engaged in the implement business with marked success in the West, with headquarters at Winnipeg since the early eighties. His intimate knowledge of the West and the implement business was of great advantage to the conditions existing in the Sawyer-Massey Company.

Changes in Policy

The financial report issued in April, 1919, for the fiscal year ended November 30th, 1918, was signed by Mr. Hutchinson as vice-president, in the absence of Mr. Harmer, the president, through illness. It indicated that changes were taking place in the policy of the company. It was a very frank statement of the company's position, as it provided a sum of over a quarter of a million dollars for "Inventory Adjustments." This radical, but courageous step, seems to have inspired confidence in the future of the company on the part of the public, as in face of what might be considered a pretty serious condition, the stock began to rise, and has been mounting steadily ever since. The report also makes mention of several changes in the "personnel" of the organization, whereby the former manager, works manager and superintendent ceased their identification with the company and T. B. Christie, a former superintendent, was placed in charge of the plant and production.

Immediately following Mr. Hutchinson's arrival in Hamilton, arrangements were concluded for the exportation of the company's separators to the States, there being no duty on the separators so exported and that the connections which the company have already established there, are so satisfactory, that it is likely to provide a solution for many of its difficulties, particularly as an alternate market in a year like this, when the Western Canadian crop situation is so bad. This new field should satisfactorily take care of the output which the shortness of the Western harvest seemed likely to leave on the company's hands. It is stated that the company has already shipped into the States during the last six months upwards of one hundred cars from the Hamilton plant and the exports would no doubt have been even larger had not all the moulders in the industrial plants in Hamilton gone on strike May first last, thereby curtailing production considerably. The moulders, it appears, are asking for an increase in wages of 25 per cent. and eight hours per day, and the employers have not as yet seen their way clear to comply with the demand.

It is learned, too, that the company has had an exceptionally good business in road machinery this year, a product on which they are specializing.

As to the financial position of the Sawyer-Massey Company, THE FINANCIAL POST learns that all its obligations, except its bonds, are now confined to the bank, all its floating liabilities to the trade having been liquidated, and cash discounts are being taken in all cases.

Plant in Good Shape

The company's plant covering approximately 30 acres of land, with excellent trackage facilities, extensive buildings and up-to-date equipment, is all in the best of shape. With the re-organization effected during the past six months, the business seems to have been decidedly on the advance. The last financial report shows that the company has realizable liquid assets slightly in excess of three million dollars, comprising bills and accounts receivable and inventory of manufactured goods and raw materials. Against this it owed $1,878,000 of liquid obligations, leaving a liquid surplus of $1,137,000 in excess of current obligations. In addition to this its physical assets represented by plant, machinery and investment in warehouses in Western Canada represent a further sum of approximately one million and a half dollars, against which there is a bond issue of $530,000, leaving a further surplus of $970,000, which gives the company a total surplus in excess of obligations of over two million dollars, exclusive of patterns, patents, trade-marks, advertising and good-will.

The company has outstanding 1½ millions of common stock, and 1½ millions of cumulative preferred, upon which there are cumulative dividends outstanding amounting to $35 for each share of preferred.

The future of the company seems to depend very largely on the management it gets. Mr. Hutchinson has made no permanent break in his Winnipeg associations and still has his home in Winnipeg, where he has many varied interests, being a director of some of the largest enterprises there. The directors of the Sawyer-Massey Company are hopeful that he may yet decide to sever his connection with his Winnipeg interests and permanently remain as active head of the Sawyer-Massey organization.

THE PACKERS AND THE COST-OF-LIVING

American Concerns Quite Willing to Have a Complete and Thorough Investigation

CHICAGO.—The packing industry has replied to Senator Kenyon's assertion on the floor of the Senate that the greatest propaganda that ever had been undertaken in this country is now in full swing with reference to the bill for regulation of the packers.

The reply was made by the Institute of American Meat Packers comprising about 200 packing firms. Thomas E. Wilson is chairman of the committee which is now directing the work of the institute. The statement says:

"Senator Kenyon has charged in the Senate of the United States that the packers are sending out propaganda against this bill to place the packing industry under Federal license as if there were something wrong in this.

"The entire public is vitally interested in the correct solution of the high cost of living.

"Complete understanding of all facts will dissipate suspicion and prejudice which, if relied upon for adverse legislation will harm us all—the livestock producer and the consumer as well as the packers.

"In the last analysis the public will decide these issues and to them we will present the facts.

"The bill introduced by the Senator threatens the life of the packing industry. It is un-American and is a dangerous precedent for all business. It would amount to practically government operation, which, with this complex industry, would result in greater disaster than that which we have with the government operation of the railroads, telegraph and telephone lines.

"There is an unprecedented propaganda in favor o fthis legislation and against the packers. The wholesale grocers and the Federal Trade Commission, for example, are active with propaganda of this character.

"We are doing exactly what every American citizen has a perfect right to do. We are opposing this bill in an open and legitimate manner and will continue to do so. It is unthinkable that persons whose investments and business are threatened by the radical and vicious legislation, cannot lay the facts before the people.

"The senator had something to say on the high cost of living. Our business is conducted efficiently and at a minimum profit of a small fraction of a cent per pound. Our volume enables us to retain such a small profit and it cannot materially affect the cost of the consumer. The packer would gladly welcome an investigation by an unprejudiced, competent and non-political body in the whole food problem, from farm to table, inclusive. It is unfortunate that such an examination was not made by the Federal Trade Commission as directed by the President."

While profits of the United States Smelting, Refining & Mining Co. of $1,390,000, after all charges, for the second quarter of this year are considered good, it is expected that they will be substantially increased during the current quarter.

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1. Will the ending of the war help or hurt the price of such stocks as Baldwin, Bethlehem Steel, Midvale, etc.?
2. Are the coppers "peace" stocks or "war" stocks? What class do the automobile stocks come in? The oils?
3. Among the rails, are the standard dividend-payers or the low priced non-dividend payers the thing to buy?
4. As the war draws to its end, what is likely to be the course of interest rates? How will that affect the price of bonds?
5. Which are the best bonds to hold—the high-income producers or the old line investment issues?
6. Are short term notes or long term bonds the better proposition at present?
7. Does the putting into effect of the new tax law mean a general reduction in industrial dividends?
8. Can the stock market rise in the face of the tight money situation?
9. New influences on security prices are beginning to become operative. Do you know how to go about adjusting your investments so that you will be helped and not hurt?

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Opportunity Given for General Participation in This Attractive Industrial Issue

During the past three weeks the Royal Securities Corporation has succeeded in placing by private sale more than two-thirds of the total issue of $1,500,000 of the first mortgage bonds of the Whalen Pulp and Paper Mills, Ltd. They are now giving the public an opportunity to subscribe for the unsold balance at prices to yield $67.50 annually on each $1,000 invested, a return that investors will no doubt find unusually attractive in view of the strong security behind the bonds.

The bonds are a first mortgage charge upon plant and property values conservatively placed at $15,455,074, nearly four and one half times the total of issued bonds. It is reliably estimated that earnings for the next twelve months will cover bond interest more than four times. The position of the company regarding working capital is strong, net liquid assets totalling 35 per cent. of bonds outstanding, including the new issue.

In its serial maturities the issue presents a feature which is finding increasing favor with the Canadian investing public. It not only permits the purchaser to choose the time at which he desires his bond to become due, but the maturing each year of a large fraction of the total issue makes progressively stronger the equity behind the remaining maturities.

The new financing is to provide funds for working capital and for the aggressive expansion of the Whalen Co.'s activities under the energetic direction of Sir Geo. Bury, the company's new president, and a board of directors representing the most successful of Canadian pulp and paper financiers and organizers.

B.C. PACKERS

B.C. Fishing common has been one of the few stocks on the Canadian Exchanges to develop strength this week, the price recovering from a dip to 62 to 65¼ on a considerable volume of business. Trading was heavy during the greater part of July and the net change for the month was a gain of about 12 points.

CANADA BREAD

Canada Bread common has shown a weaker tendency in sympathy with the general market situation declining to 19¼ or the lowest point since April. The preferred eased off to 80.

CANADA CEMENT

Canada Cement had an active week with a strong market, taking the price as high as 71⅝. Later there was an easier tendency with sales down to 69.

CROW'S NEST COAL

A transaction in Crow's Nest Pass Coal took place this week at 50. The last previous sale was recorded in May at 67.

DOMINION TEXTILE

Dominion Textile has been somewhat affected this week by the generally weak market conditions, the common selling down to 120. The preferred was unchanged at 105½.

SIR ADAM GETS IN SOME FINE WORK AT GUELPH

Appealing to the Mob by Raising Bogey of Big Interests

PROMISES ARE LAVISH

Idea Seems to be to Discount the C.P.R.'s Straightforward Business Proposition by Talk of Many Vague Schemes

It must be confessed that Sir Adam Beck's rainbow is a pretty powerful piece of stage property. It has helped him out of many a hole, and it now looks as though he might be able to spread it over or put it over Guelph in connection with the Guelph situation. Last week a representative of the FINANCIAL POST interviewed the leading citizens there, including the mayor, secretary of the Chamber of Commerce, and others, some of whom are quoted below. There was absolute unanimity on the desirability of the proposed agreement between the city and the C.P.R. Now Sir Adam comes along with his rainbow and spreads it over Guelph as he did over Hamilton, and many of the people, presumably, are willing to run to the end of it to see if this time there may not possibly be that pot of gold which Sir Adam has always been promising.

Plank eight in the "Programme of Work of the Guelph Chamber of Commerce, 1919-20," is as follows: "Promote radial railway connection to the north and south along lines of the city of Guelph charter, including Hespeler via Puslinch Lake and Mount Forest via Elora, Fergus and Arthur." Having tired of Sir Adam's unfulfilled promises, Guelph was simply undertaking other and more reliable means of seeing that the legitimate aspirations of the people were fulfilled.

The vote on the by-law is to be taken on August 11, and in the meantime there is a strong fight being conducted against it by the Beck interests, led, apparently by Guelph men holding jobs with, or otherwise interested in the Hydro. Paid space is being used in both the local papers, in which statements are made which Mayor Carter says are not correct. Criticism has been made of the contract proposed to be entered into with the C. P. R., or Grand River Company, but Mayor Carter shows that it is very much more definite in its proposals than the contract with Hydro.

A Definite Proposition

Certainly the position of the advocates of the arrangement with the C. P. R. is much more frank than that of Sir Adam and his followers. Mayor Carter is impressing upon the electors to study the situation, form their conclusions, and vote as they think right, apparently believing the case for the arrangement with the C. P. R. is strong enough of itself without requiring any bolstering. The Beck interests are at their old game of going one better in promises which are not based on any sounder foundation than those now unfulfilled.

Sir Adam Beck has accomplished his purposes hitherto by the same methods invariably — creating the bogey of "the big interests" and scaring the people into line. He has done this so often in the face of the fact that plain common sense would dictate that the people should follow a contrary course, that there is no knowing what the people of Guelph will do now when the Beck machine gets properly to work. But they must certainly admit that there is nothing sinister in the advice of Mayor Carter, that they should study the agreement carefully and form their conclusions as their common sense dictates, and not as Sir Adam Beck dictates.

What some of the leading citizens of Guelph think of the proposition is shown in the following interviews which THE FINANCIAL POST had with them:

Manufacturers a Unit

The manufacturers of Guelph seem to be a unit in favor of the agreement with the C.PR. Everyone spoken to by the FINANCIAL POST favored it very strongly. Mr. Barrelman, president of the Gilson Manufacturing Co., said: "We are all of one mind in our plant, men and all, that the deal should go through. It will be a great advantage to the workingmen to get them out of town to the lake conveniently. The citizens have found that they cannot run the road. As a manufacturer I think the only thing to do is to accept the C.P.R. proposition. We have been up against it too long, and it does not conflict with the Hydro in any way."

Mr. Hedley is manager of the White Sewing Machine Co., which employs 200 men. He says: "We are very much in favor of the by-law. We think the improved service will be very beneficial and being connected with the C.P.R. will give us some freight and other facilities we are not now getting. There will also be the very important advantage of giving access to the lake."

Mr. Berry, manager of the Dominion Linen Co., which employs about 160 hands, said: "We think to vote for the by-law is the only thing to do. The present service is totally inadequate. Five years ago we had to run a bus to take our people into town, and we have been discouraging people from coming here until the car service can be improved or reorganized. We are among the largest users of Hydro, but furnishing power is a different proposition from operating railways. I think they should stick to the business of generating power, they may not make a success of operating railways all over the country. I would like to see Hydro succeed, but whether they would make a success of railways or not is another question."

C. P. Crowe, of the Crowe Iron Works, employs over 175 men. He says the by-law should pass as it would be a great benefit to the city in many ways. "I don't say this should interfere with the Hydro, but it is a question for the citizens of Guelph to decide whether they want Hydro or not."

H. Ormsby, Guelph Carpet Mills, with 400 employees, is very much in favor of it. "It would be better for our people as it would give us a good service. The C.P.R. has the best railroad business in the country. The connection with Puslinch Lake would be a great advantage."

Others who have expressed themselves as strongly in favor of the taking over of the line are Mr. John M. Taylor of the Taylor Forbes Co., which employs about 600 people, and the Partridge Rubber Co., which employs 400 men and will have about three times that number when their new plant is finished. Of the many who were spoken to of the proposition in Guelph, not one had a word to say against it.

OTTAWA ELECTRIC

The dispute between the Ottawa Electric Railway Company and the Ottawa Street Railwaymen's Union has been settled. A wage scale of 39c per hour for the first year, 41c for the second year, 43c for the third year, and [illegible] for the subsequent years, was accepted by both parties. The new rule will come in force August 1.

CONVERTERS

After advancing as high as 67 an easier tendency developed in Canadian Converters common and the stock sold down to 65.

NEW BRUNSWICK POWER

Some weeks ago the New Brunswick Power Company offered a place on its directorate to a member of the union of the company's employees. The union has decided not to accept now, but to take up the matter six months hence.

RSC INVESTMENT-SERVICE

Sir Thomas White

said in his Budget Speech:

"To develop our natural resources there is required the application of enterprise, capital and labour. To sell our products, we require Markets, domestic and foreign.... Every effort must be made to develop and expand our Export Trade in manufactured articles as well as in the immediate product of our fields, forests and mines.... No doubt we shall be subject in this to the keenest international competition...."

EVERY thinking Canadian endorses the Minister's views. Indeed, the principle he so clearly laid down has been the basis of the practice of Royal Securities Corporation for many years past.

For the building up of Canada's Export Industries is vital to her prosperity. Her debts abroad must be paid, not with Canadian gold nor yet with Canadian securities—but with *Canadian-made goods.* And it is because the development of her great Export Industries is not only a national need, but brings profits to Canada and to Canadian Investors that we have so closely associated our name with the development of Canada's largest manufacturing export industry—the Pulp and Paper Industry.

In one short decade we have seen it reach the position where in one year it put nearly $100,000,000 of outside money into Canadian pockets. We believe that for years to come it will be one of Canada's strongest weapons for securing markets abroad and thereby maintaining her financial independence among the nations.

For the world must have our Pulp and Paper and demand for them is extending beyond the markets of the United States and Europe to Australasia, the Orient, and to South and Central America.

These countries are largely deficient in the class of timber required for production of pulp and paper. They are developing rapidly and their paper consumption is in consequence increasing steadily.

There is no source of supply more convenient geographically or more susceptible to enlarged production than British Columbia: nowhere else in the world is there a more magnificent display of forest resources, more conveniently located within reach of tidewater and contiguous to great all-the-year-round ocean ports.

As a result, the Canadian Pulp and Paper Export Trade of the Pacific coast is growing rapidly. Canada's Exports of Pulp and Paper to Australasia and Japan have nearly doubled in the last three years. In fiscal year 1918, her Paper Exports to South America were 5¾ times what they were in 1915.

The Canadian need of Export Trade, on the one hand, and the rapid expansion of these overseas Markets in the East and South, on the other, lend national significance to the new financing of the expansion of Whalen Pulp and Paper Mills, Limited, under the executive direction of Sir George Bury and a Board of Directors representing the strongest interests in the Canadian Pulp and Paper field.

Without discounting the safety and high-income features of the many Pulp and Paper issues we have placed with the public, we believe that the 6% First Mortgage Bonds of Whalen Pulp and Paper Mills, Limited, are one of the most desirable Pulp and Paper securities that we have yet offered.

Investors who purchase these Bonds will not only secure safety and high income-yield, but will assist in a most practical way the development of Canada's Export Trade so vitally necessary to her prosperity.—*Royal Securities Corporation, Limited.*

Subscription Lists will close on or before August 15th

New Issue MONTREAL, *July 30th, 1919*

$1,500,000

Whalen Pulp and Paper Mills LIMITED

6% First Mortgage and Refunding Mortgage Serial Gold Bonds

Dated May 1st, 1917, and May 1st, 1919. Maturing in annual series from May 1st, 1921, to May 1st, 1934

Interest ($30 every six months on each $1,000 of Bonds) payable on May 1st and November 1st. Principal and Interest payable at Montreal, Toronto, New York or Chicago

DENOMINATIONS: $1,000 and $500

ISSUED CAPITAL

Common Shares	$8,000,000
7% Preferred Shares	2,102,500
7% Serial Notes 1919-1924	500,000
7% Mortgage Debenture Stock, due May 1st, 1932	3,000,000
6% Serial Mortgage Bonds, 1921-1934*	3,500,000

*Including $520,000 Bonds held in escrow by Trustee to retire like amount of Bonds of British Columbia Sulphite Fibre Company, Limited.

SECURITY FOR BONDS

The Bonds are secured by a specific First Mortgage on all the Company's present and future fixed Assets, and a floating charge upon all other Assets, subject only to a Mortgage on the Mill Creek mill alone for $520,000, redeemable $65,000 annually from November 1st, 1919, to November 1st, 1926, inclusive.

Complete prospectus, copies of which will be forwarded on request, contains a letter from Sir George Bury, President of the Company, from which we summarize as follows:

1. **Whalen Pulp & Paper Mills, Limited,** is one of the largest Canadian producers of Bleached and Easy Bleaching Sulphite Pulp and high-grade Spruce Lumber and Cedar Shingles. It operates at Mill Creek, Swanson Bay and Port Alice, British Columbia, modern Pulp Mills designed for an ultimate yearly capacity of **96,000 tons.**

The Company is the second largest producer in Canada of Easy Bleaching and Bleached Sulphite Pulp.

2. **Present Annual Output is as follows:**

Easy Bleaching Sulphite Pulp, tons per annum	36,000
Bleached Sulphite Pulp, tons per annum	18,000
Total Pulp Production, tons per annum	**54,000**
High Grade Spruce Lumber, feet b.m.	**50,000,000**
Shingles	**75,000,000**

Pulp Production in course of extension to 70,000 tons per annum.

3. **Water Powers—38,000 horse-power,** of which **6,000** horse-power is developed and in operation.

4. **Timber Areas—155,000 acres,** mostly located near tide-water, containing **6,000,000,000 feet** of timber.

5. **Plant and Property Values—$15,455,074.14** against **$3,500,000 Bonds Issued.**

6. **Net Liquid Assets (Working Capital)** after deducting all Current Liabilities—**$1,200,000**, equal to **35%** of Bonds outstanding, including this issue.

7. **Earnings** available for Interest, Depreciation, Taxes and Extraordinary Charges, etc.:

1919	1918	1917
$497,869.83	$495,299.23	$404,460.26

Estimated Earnings for next twelve months, with present production, 54,000 tons per annum, **$900,000**—as against **Annual Bond Interest of $210,000 (reduced annually by serial maturities)**

Amount	Maturity	Price and Interest	Amount	Maturity	Price and Interest
$ 42,000	1921	99.08	$110,500	1928	95.00
91,000	1922	97.99	113,000	1929	94.61
93,500	1923	97.41	67,500	1930	94.24
129,500	1924	96.86	77,500	1931	93.90
133,000	1925	96.35	87,500	1932	93.58
113,500	1926	95.87	98,500	1933	93.28
111,000	1927	95.42	49,500	1934	92.99

A large portion of this issue having been sold in Canada and the United States, we offer for sale the balance at the above prices—

To Yield 6.75%

(Except 1921 Maturity to yield 6.50%)

Payable as follows: 20% of the par value on application.
40% of the par value on August 15th, 1919.
Balance, September 15th, 1919.

Interest will be allowed on payments at the rate of 6% per annum. Payments may be anticipated in whole or in part at any time. Accrued Interest will be adjusted upon final payment.

Application may be made on the accompanying form.

ROYAL SECURITIES CORPORATION LIMITED

MONTREAL 164 St. James St. — **TORONTO** 58 King St. West — **HALIFAX** 200 Hollis St. — **LONDON, Eng.** 7 Gracechurch St., E.C.

APPLICATION FORM

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ROYAL SECURITIES CORPORATION, LIMITED

Address Montreal, Toronto or Halifax Office

Sirs: I—we hereby apply for $________ par value Whalen Pulp and Paper Mills, Limited, 6% First Mortgage and Refunding Mortgage Serial Gold Bonds, due ________ (State Maturity desired) and agree to pay for same, or any less amount that may be allotted to me–us, in accordance with the terms of your Prospectus dated July 30th, 1919.

Cheque to the order of Royal Securities Corporation, Limited, for the amount payable on application ($100 for each $500 par value applied for), should accompany this form.

Name (in full) ________ Mr., Mrs. or Miss

Address (in full) ________

Date ________

BETTER OUTLOOK FOR BIG HALIFAX SUGAR REFINERY

Acadia Refinery Now Working to Capacity on Export Orders

LOANS BEING REDUCED

Company Reported to Have Heavy Stocks of Raw Sugar on Hand Which Places Them in Good Position

By Special Representative

HALIFAX.—The shareholders of the Acadia Sugar Refinery in this city have a quite different outlook from what was before them two years ago. At that time they were seriously considering liquidation and a committee was out seeing what could be done in the way of reorganization. The condition to-day is that the refinery is working day and night and that it is operating at capacity on orders for export on which there is a very substantial rate of profit, as well as on goods for the home market.

A cargo of 5,000 tons was recently shipped to Constantinople and since then another cargo of equal size was loaded for a European port. The bank has very large claims for interest but the heavy loans of two or three years ago are being reduced and the outlook is hopeful that the refinery will eventually return to a paying basis.

The Acadia Sugar Refinery in its day has paid handsome returns to its shareholders, not less than one million dollars having been disbursed in dividends and its securities were at one time looked on as among the gilt-edged stocks of Halifax. The financing of one or two years before the war put the company on the wrong track and when the war came the company seemed to be in a position from which it could not extricate itself, with heavy loans from the bank and the business outlook blue. Perserverance and patience and some degree of good luck combined to help them out and now the company is on the road, it would appear, to new prosperity and to stability of operation. It, like other similar concerns, is so busy with foreign orders that the home buyer is somewhat neglected and the prospects are that higher prices will rule in the domestic market. One thing the refinery fears is that there may be some Government limit on the export business and that attention will have to be centred more on the domestic situation in which the profit is not so substantial. The refineries are allowed to make a certain spread in foreign business, between the cost of the raw and the refined sugar, stocks of the former being supplied by a sugar committee with headquarters in New York. The Acadia is reported to have on hand a heavy stock of raw sugar, a condition they welcome in view of an almost unlimited demand for the refined product.

NEW PLANT AT HAMILTON

Carr Fastener Co. to Manufacture for Local and Foreign Trade

HAMILTON.—The Carr Fastener Company of Boston, Mass., the largest manufacturers of metal fasteners in the world, have completed arrangements for the immediate establishment of a large Canadian branch of their industry in Hamilton. A two and a half acre site in the heart of Hamilton's manufacturing district has been purchased, and building operations are to be commenced at once. The Carr Fastener Co. is capitalized at a quarter of a million dollars, and the buildings to be erected will cost in the neighborhood of $100,000. The Canadian plant will give employment to upward of 200 hands almost immediately, and it is expected that this number will ultimately be increased to 400 or 500. The Carr Fastener Company are the manufacturers of the "Lift the Dot," "Durable Dot," and "Veltex Dot" automobile fasteners, as well as the "Common Sense" and other lines. In addition to supplying the Canadian automobile and other trade from Hamilton, it is the company's intention to have its Canadian plant supply the export trade. Building operations are to be rushed, and the company expects to be manufacturing in its Hamilton plant before December 1.

NEW AGENTS APPOINTED

Shaw and Begg, Limited, 82 to 88 King Street East, Toronto, have recently been appointed general agents for Ontario for the Wellington Fire Insurance Company, Mutual and Stock, of Guelph, Ontario. The Wellington is one of the oldest companies doing business in Canada, having been organized in 1840.

CANADIAN CAR

Canadian Car common has been easier in the late trading with the price as low as 39. The preferred also sold or as low as 96¾.

NEW NAME FOR PACKERS

A Change by Combine Embracing Matthews-Blackwell Co.

OTTAWA.—The supplementary letters patent have been issued under recent date, changing the name of the Allied Packers of Canada, Ltd., to that of the Canadian Packing Company, Ltd.

The Allied Packers of Canada was incorporated only about a month ago, representing the Canadian interests of the Allied Packers, Inc., of New York, which came into the acquesition by the New York concern of the Matthews-Blackwell.

BOND ISSUE TO REFUND DEBTS

Shawinigan Water & Power Co. Will Ask Authority to Issue Fifty Millions

Shareholders of the Shawinigan Water & Power Co. have been given ample notice of a special meeting to be held in Montreal on October 8, for the purpose of considering, and, if approved, of ratifying a by-law passed by the directors several weeks ago, providing for the creation and issue from time to time of first and refunding mortgage sinking fund bonds to a maximum amount of $50,000,000. This is the consummation of a scheme to fund all the bonded and note obligations of the company into one class, making the future development of the varied branches of the company more easy and assuring to the common shareholders a greater participation in the returns of the undertaking.

Under the scheme proposed by the directors, an amount of not greater than $20,000,000 of the sum authorized will be issued to provide for the retirement of the outstanding $5,000,000 5 per cent. first mortgage bonds, $5,476,261 in consolidated debenture stock and whatever balance of the $4,500,000 2-year 6 per cent. notes, due in December of the current year, have not been converted into common stock. Of the latter, it is understood, approximately $3,000,000 worth of the securities have been converted into stock to date. The new issue, which will bear interest at the rate of 5½ per cent., will be divided into two or more series, and any balance after the retirement of the several maturing obligations of the company will be devoted to the corporate requirements of the Shawinigan enterprise.

Additional bonds may be issued at the discretion of the board, according to the circular being sent to shareholders, for the following purposes:

(1) The construction or acquisition of additional plants or properties or for improvements or betterments.

(2) The purchase or acquisition of bonds, notes or other obligations, or shares of stock of any companies or corporations utilizing power and with whom the company may have contracts for the supply of power, or companies carrying on any business which this company or any of its subsidiary companies are authorized to carry on. All such reserved bonds are to be delivered to an amount equal to 80 per cent. of the actual cash cost of the property, securities or shares so acquired, and all additional properties, securities or shares so acquired are to be specifically mortgaged, pledged and charged under the trust deed.

STANDARD OIL ISSUE

Common Stock is To Be Listed on Exchange

NEW YORK. — The creation of $100,000,000 7 per cent. preferred stock issue is regarded as the first step in a great financial program, which the Standard Oil Co., of New Jersey, has under consideration. The listing of the preferred issue on the New York stock exchange is to be followed by the listing of the $100,000,000 common stock.

Prior to the listing of the common, it is believed there will be a reduction in the par value of the present stock, or a subdivision of the present stock into shares of no par value. The present market price of the common stock is around 760 a share.

WABASSO COTTON

There was a strong market this week for Wabasso Cotton with the price moving up to 102, which compared witr 85½ at the opening of the month.

BRAZILIAN TRACTION

There has been less activity in Brazilian Traction of late and the prices have been easier with sales down to 57.

DETROIT UNITED

The easier tendency in the market for Detroit United has continued this week with sales as low as 103½, compared with a high mark for te present year of 110.

TORONTO RAILS

Earnings of the Toronto Railway and subsidiary companies for the month of May showed gross amounting to $1,032,717 against $1,090,747 for the same month in 1918, a decrease of $58,030. Operating expenses, maintenance, etc., at $624,113 were higher by $36,782, while net earnings amounting to $408,604 were lower by $94,812.

The aggregate gross earnings for the first five months of the year amounted to $5,290,599, a decrease of $29,638, and aggregate net at $2,190,343 showed a falling off of $256,635.

MARKETS SHOW GOOD DEAL OF SLUGGISHNESS

Continued from page 1.

eral months, and during this period a number of individual stocks may easily see new high prices, but we believe that the men who make money in the stock market have done very much the larger part of their buying, and will make use of any further advance to liquidate. The absorptive power of the public is astonishing, yet there must be a limit to it. We have already heard of instances of houses of substantial size who have participated in many successful syndicates beginning to decline further participations. The minute the ability of the public to absorb new securities has been reached, as soon as a large new flotation falls flat, we shall have turned the corner; in fact, it is not unlikely that the market will somewhat anticipate this.

"Possibly the foregoing will give rather a more bearish impression than intended. We realize, as we have been saying for six months past, that we are in a period of expansion and inflation and no man can pretend to say when this has been fully discounted marketwise. It may turn out that we are six months too early in adopting a conservative tone, but it has been our observation so many times in the past, that the public is the loser by becoming over-extended during these periods of heavy speculation at high levels, the most fascinating, but by far the most dangerous stage of a bull market, that we cannot but feel that a word of caution is timely."

On the other hand, J. S. Bache & Co., New York, believe that the public's buying power has not yet been exhausted.

"The conclusion to be reached, from the survey of the action of the market for the last two weeks, is that public buying power, which has been the source of the rise for some months, has not yet exhausted itself. The fact that the public is now the main support of the market is shown by the very large increase in loans. It is, of course, a fact that as these margin loans increase and become widespread, the staying quality becomes weaker. Nevertheless, the comparatively small disturbance caused by the break earlier in the week shows that the public's money is still in supply for fuel, and that the fires may be kept burning until it becomes evident that future prosperity has been overdiscounted."

A Canadian Viewpoint

Viewing the stock markets through the medium of a Canadian brokerage house, Greenshields & Co., the following opinion emerges:

"The stock markets continue strong and active with some unrestrained optimism evident in the prices reached by certain common stocks whose dividend prospects would seem rather remote. Important factors in the advance have been (1) a buying power greater than at any period in the history of the Canadian stock exchanges; (2) a scarcity of stocks due to the virtual cessation of new issues since 1913. A mass of undigested securities left over from the promotion era of 1909-1913 was gradually absorbed during the war years. Speculative buying on a large scale during the past few months disclosed that the floating supply of many issues had shrunk to a notable extent.

"The market has long since reached a stage at which distribution of stocks bought at much lower prices was inevitable. The floating supply is increasing and commission house loans are much larger than they have been for many months. There is more reason than ever for basing purchases of common stocks on definite facts as to equities and earnings, rather than on market rumors."

NORTHERN OHIO

The June earnings statement of the Northern Ohio Traction and Light Company shows gross earnings amounting to $8,070,622, an icrease of $1,320,168 over the same month in 1918. Operating expenses totalled $5,421,703, an increase of $1,082,155, while gross income amounting to $2,648,918, showed a gain of $238,013. Fixed charges at $1,288,541 left net income amounting to $1,360,377, a decrease of $3,346.

ILLINOIS TRACTION

The earnings statement of the Illinois Traction Company for the month of June shows gross amounting to $1,341,282 as compared with 1,150,236 for the corresponding month in 1918, an increase of $190,992. Operating expenses at $1,001,732, left net earnings amounting to $339,495 against $309,174 in the previous year, a gain of $30,321.

For the six months ending with June the gross totalled $8,256,098, an increase of $1,161,958 over the corresponding six months in 1918, while net at $2,296,103 showed a gain of $315,224.

WESTERN NATURAL GAS

The May earnings of the Canadian Western Natural Gas Light, Heat and Power Company show a falling off of $2,081 from the figures for the corresponding month in 1918, the total for the month being $66,562 against $69,363 last year.

For the first eight months of the company's fiscal year the earnings totalled $892,436 against $878,086 for the same period in the previous year, an increase of $48,924.

Stock Movements of the Week

Week ending July 31; close July 31.

	Ask.	Bid.	High.	Low.	Close.	Sales.	Yield to July 24
Banks—							
Commerce	205	202	203	202	203	129	5.88
Dominion	205	203	205	204⅞	205	16	5.85
Hamilton	...	185	186	186	186	5	6.48
Hochelaga	160	157	160	158	158	4	5.73
Imperial	...	197	196½	196½	196½	45	6.12
Merchants	194	...	197	193	193	212	5.52
Molsons	...	...	193¾	192¾	193	42	6.21
Montreal	217	214½	216½	216	216	104	5.55
Nova Scotia	277½	...	278	276½	277	128	5.77
Royal	...	...	216½	216	216	42	5.58
Standard	215½	215	215½	215	215½	23	5.99
Toronto	199½	199	199½	199½	199½	27	6.00
Union	163	161	162½	162½	162½	13	6.13
Transportation—							
Barcelona	9¾	9½	9¾	9½	9⅝	124	....
Brazilian	57¾	57¼	58½	57	57½	1163	....
Can. Steamships, com.	52	51¼	52¼	51½	52	1029	7.69
Do., pref.	85	84⅞	85½	84¾	84¾	734	8.13
Detroit United	...	...	104½	104	104	191	7.61
Duluth-Superior	30	28	28	28	28	15	....
Quebec Ry.	...	...	19	19	19	140	....
Toronto Ry.	...	43	45½	43	45½	30	....
Twin City	50	49	50	50	50	18	8.00
Winnipeg Electric	...	...	45	45	45	10	....
Telegraph, Light and Power—							
Bell Telephone	119	118	119	118	118¼	155	6.72
Consumers' Gas	...	...	150⅞	150	150¾	50	6.62
Mackay, com.	79¾	79	80	79	79	121	7.59
Do., pref.	66¾	65¾	66	65¾	66	75	6.06
Montreal L., H. & P.	94	93⅞	94½	93⅝	94	1747	4.21
Shawinigan	125	...	126¼	125	125	1232	5.73
Industrials—							
Abitibi P. & P., com.	82	...	82	82	82	15	8.53
Ames-Holden, com.	50	...	50	49½	50	55	....
Do., pref.	98½	97	98¾	97½	98	755	7.14
B. C. Fish, com.	65½	...	65½	62	65½	1295	8.06
Brompton P. & P, c.	63	62¾	64	63	63	820	7.81
F. N. Burt, com.	...	95½	95½	92	95½	95	8.33
Do., pref.	...	95½	95½	94½	95½	51	7.29
Canada Bread, com.	20	...	20	20	20	60	....
Canada Cement, com.	70	69	71½	69	69¾	3088	8.57
Do., pref.	...	101½	102	101½	101½	77	6.86
Canadian Car, com.	42	41	41½	41	41	515	....
Do., pref.	99½	...	99½	99	99	561	7.07
Canadian Converters	66½	66	67	65	66½	765	7.69
Can. Cottons, com.	91¾	...	91¾	91½	91½	40	6.52
Do., pref.	85	...	85	85	85	15	7.05
Can. Fdrs. & Forg., c.	...	...	200	198	200	150	6.00
Can. Locomotive, c.	85	82	83	82	82	205	7.31
Do., pref.	...	...	93	93¾	92¾	55	7.44
Can. Gen. Electric, c.	112	110	111½	111½	111½	2	7.20
Carriage Factories, c.	...	16	15	15	15	31	....
Do., pref.	51	46	46	46	46	14	10.00
City Dairy, pref.	...	94	94	94	94	2	7.44
Dominion Bridge	...	...	105	105	105	7	7.61
Dom. Canners, com.	54½	53¾	54	52	53½	205	....
Do., pref.	91	...	91	91	91	15	7.77
Dom. Steel Corp.	66¼	66	69¼	66	66	3723	8.57
Dom. Iron & Stl., pfd.	99½	97½	100	99	99	71	7.00
Dom. Textile, com.	120½	120	122	120	120	330	6.61
Do., pref.	...	106	105½	105½	105½	60	6.66
Lake of Woods, com.	...	...	190	187	190	136	6.48
Laurentide	220	218	220	217	217	448	5.45
A. Macdonald, com.	33	32½	34	32½	32½	595	....
Maple Leaf Milling, c.	177	176½	176½	173	176½	33	7.01
Do., pref.	106	...	106½	105⅞	106	189	6.60
Montreal Cottons, com.	...	...	70	70	70	25	5.59
Monarch Knitting, pfd.	...	90	90	90	90	7	7.77
National Steel Car, c.	10	9	9	8	9	29	....
Nova Scotia Steel, pfd	...	106	105	106	105	13	7.14
Ogilvie Flour, com.	255	...	255	250	255	75	4.89
Ont. Steel Products, c	...	31⅝	33	31	31	145	....
Do., pref.	...	80	81	81	81	45	8.86
Penmans, com.	...	...	97½	97	97	45	6.18
Do., pref.	...	92	93	93	93	5	6.66
Riordon Pulp, com.	141½	141¼	144	140	140	460	7.04
Do., pref.	99	...	99	99	99	20	7.07
Wm. Rogers, pref.	...	...	85	85	85	10	....
Russell Motor, pref.	88	86	88	88	88	5	7.95
Sawyer-Massey, com.	...	...	21½	21	21½	75	....
Do., pref.	60	...	60	59	59	75	....
Spanish River, com.	42½	42	43½	40	40	1521	....
Do., pref.	108½	...	108¾	107	107	358	....
Steel Co. of Can., com.	70½	70	72	71	71½	755	8.45
Do., pref.	99½	98½	100	99	100	75	7.00
St. Law. Flour, com.	...	...	112	109	112	131	5.40
Tooke Bros., com.	...	...	41	39½	41	15	....
Tuckett Tobacco, com.	45¾	45	48¼	41¼	45¾	1642	....
Do., pref.	...	90	91	89	90½	39	7.69
Wabasso Cotton	102	100	102	100½	101	59	5.94
Wayagamack, com.	...	...	53½	53	53½	315	....
Woods Mfg., com.	...	...	95	88	88	80	7.36
Do., pref.	...	...	85	85	85	55	8.33

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Bonds to be in the denomination of $1,000 each, with coupons attached, and may be registered as to principal only.

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Tenders to be addressed to the Hon. T. W. McGarry, Treasurer of Ontario, Parliament Buildings, Toronto, and delivered not later than 12 o'clock noon on Monday the 11th day of August, 1919.

Tenders must be for the whole amount offered and must be accompanied by marked cheque for $100,000 to be applied in the case of the successful tenderer on the final payment for bonds.

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T. W. McGARRY,
Toronto, July 29th, 1919. Treasurer of Ontario.

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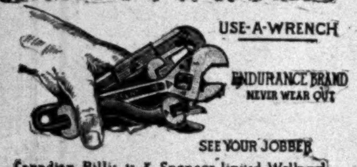

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LONDON ELECTRIC

It is reported that primary steps have been taken in the suit which is to be brought to quash the city by-law under which the London Street Railway Company secured disputed authority to increase fares.

CANADIAN MARCONI

Announcement is made that the annual general meeting of the Marconi Wireless Telegraph Co. of Canada, Ltd., will be held at the head office in Montreal on Sept. 17 at 11 a.m. At this meeting shareholders will be asked to consider and, if deemed advisable, ratify a by-law to reduce the capital stock of the company from $5,000,000 to $3,750,000 by reducing the par value of the outstanding stock from $5 to $2.50 per share and authorizing an additional issue of 500,000 shares of new stock at the lower par value.

ONTARIO STEEL IS WIPING OUT DIVIDEND DEBT

Should Clear Off Liability During the Current Year

SURPLUS INCREASED

Report of President Jones Indicates that Post-War Conditions Are Being Met With Satisfactory Results

Although the net profits of the Ontario Steel Products Co. for the year ending June 30, were somewhat smaller than for the previous year, there was available for distribution to the shareholders a substantial sum in addition to the 7 per cent. preferred dividend, and a portion of this was used to wipe out arrears. A payment of 2¼ per cent. reduced the cumulative liabliity to 3¼ per cent., while at a meeting held a short time ago a payment of a further 1¼ per cent. was decided upon, cutting the net preferred dividend liability to 2 per cent. W. Wallace Jones, president, in reporting for the board of directors, expresses confidence that the dividend liability will be entirely cleared up during the current year.

The net profits amounted to $198,770, as compared with $208,107 in 1918, and $182,296 for the 1917 period. The preferred dividend requ1red $73,125, bond interest $36,000 and sinking fund was increased by $12,000, the balance of $77,645 being carried forward and increasing the available surplus to $359,374. Following are comparative figures of the profit and loss account for the past three years:

	1919	1918	1917
Net profits	$198,770	$208,107	$182,296
Bal. forward ..	281,729	183,497	123,076
	$480,499	$391,604	$305,372
Pref. dividends.	$ 73,125	$ 61,875	$ 61,875
Sinking fund ..	12,000	12,000	24,000
Bond interest..	36,000	36,000	36,000
Balance	359,374	281,729	183,497
	$480,499	$391,604	$305,372

Referring to conditions bearing upon the company's activities, president Jones points out that on the signing of the armistice the unfilled portion of the contract with the United States Government, amounting to about one third, was cancelled, while other export business also fell away. However, while there was this lull in the demand for some of the cempany's various products the cessation of hostilities helped trade in other lines and resulted in a fair average business during the whole year. In the first half of the year war restrictions militated against the successful operation of the factories, but here the signing of the armistice was also a favorable influence. Regarding labor, the relationship with employees is described as harmonious, following a substantial increase in wages. It is important to note that inventories have been adjusted to present market prices, and all obsolete stock has been written off.

During the year the board decided to erect and equip another large spring factory, which has been located at Oshawa. A fixed rate of assessment for ten years at a nominal amount was secured and it is expected that the concern, which will be known as the Central Spring Co., will be in operation by January next.

The balance sheet shows assets of $2,698,366, as compared with $2,565,397 in the previous year. The increase is largely due to enlarged bills and accounts receivable and securities held. Both cash and inventories have been reduced. Current liabilities have been increased from $83,852 to $152,040, but include provision for business profits war tax of $34,234, and preferred dividends payable in August of $22,500.

NOVA SCOTIA STEEL

Little has been heard recently of Scotia operations, although it is known that work is going on in several of the departments. In reference to Scotia, a New York despatch this week says: "Nova Scotia Steel is one of the minor issues of the steel group which nearly always moves independently. The company is rich in iron ore and coal lands, and stands to benefit greatly by both the increased demand for steel and also for coal. The company has earned on an average of $9.59 a year on the $15,000,000 of common stock outstanding for the past ten years, and has paid only $5 yearly in dividends, which gives the common $114 a share in equities. In addition to owning ninety square miles of coal land, it has five collieries and eighty square miles of land and submarine iron ore deposits. The coal deposits are estimated at 2,500,000,000 tons, while the iron ore deposits are figured at 200,000,000 tons. The company closed down all of its plants recently, but these have been gradually put back in commission and business is increasing monthly. The company also operates its own blast furnaces, open-hearth steel plants, coke ovens, etc. Nova Steel also owns valuable tracts of timber lands, which are now being worked. The stock has done little in the market recently, but during the first phase of the bull market sold up to around 90."

RAILROAD EARNINGS

All Three Roads Show a Substantial Increase

Returns of traffic earnings of the three Canadian railroads for thethird week of July totalled $6,205,253 as compared with $5,319,862 for the corresponding period in the previous year, an increase of $885,391, or 16.6 per cent. Comparative figures for the week follow:

	1919	1918	Change	%
C. P. R..	$3,202,000	$2,644,000	+ $558,000	21.1
C. N. R..	1,686,448	1,561,063	+ 125,385	8.0
G. T. R..	1,316,805	1,114,799	+ 202,006	18.1
	$6,205,253	$5,319,862	+ $885,391	16.1

LABOR TROUBLES AFFECTING "IRON"

General Outlook Indicates Reduction of Activity in the Near Future

Trading in iron, which has been particularly heavy in recent weeks, has fallen off during the past few days, with a slight drop, late sales being at 64¾. Reports regarding the conditions at the plant at Sydney are rather conflicting, but it seems safe to assume that labor conditions are not well adjusted yet. A Sydney despatch, referring to affairs there, pointed out that although the outlook at the steel plant foreshadows a decrease in activity in the very near future, H. E. Rice, general superintendent of the Dominion Steel Corporation, was not at all pessimistic. Temporary lack of orders necessitates closing down some of the mills shortly, but by running one or more at a time and employing a large number of men on essential repairs and overhauling work, it is hoped that the dull period will be bridged over. "The company will finish their rail contracts early next week," said Mr. Rice. "On completion of these orders the blooming mill will roll several thousand tons of steel for conversion into billets for use chiefly in connection with present and anticipated orders from foreign markets. The rod mill will continue operating as at present, and it would now appear that some of the heavier export demands for wire and nails may permit the operation of these mills at an improved capacity during the balance of the year. The construction work on the new plate mill will be and is being proceeded with as rapidly as possible. This activity will absorb a considerable number of such men as may be available through the temporary suspension of operations in other departments owing to the reduced demands for steel products."

CANADIAN LOCOMOTIVE

Stability of Stock in Face of Strike a Good Sign

The manner in which Canadian Locomotive has stayed up in the market is a fine tribute to the stability of this concern. There has been a strike on there for several weeks now, and through it all the stock has not only held its place, but actually made gains. The policy of this company has always been sane, and in good years it has been the practice to make provision against just such contingencies as are occurring right now. The annual report of the company, it is expected, will be ready for distribution some time in September. Last sales of common were at 82, which is well above the best point that has been reached in the last seven years. The high marks for common have been, 1913, 70; 1914, 45; 1915, 64¼; 1916, 67½; 1917, 64, and around 63 was the best in 1918. The present year was started at 63¾, with sharp advances early in June.

RUSSELL MOTOR

Dealing with the affairs of this company, F. C. Sutherland & Co., in their latest market letter ,say: "We are informed on authority that may be taken as reliable that the common shareholders will receive a dividend of 7 per cent. in one block in August next, as was the case during the past two years. There are reasonable expectations that the company will continue to pay dividends.

"The companies controlled by the Russell Motor Company are the Canadian Cycle Company, the Pressed Metals, Ltd., the Willys-Overland Company of Canada. The company's year ends August 31 next, and profits will show about $500,000. The cycle end of the business alone has earned the preferred dividend, as this department has shown notable expansion. There are plenty of orders on the books of the Pressed Metals Company and it should do well when the strike ends. Recently the Russell Motor Company bought back control of the Willys-Overland Company of Canada. The Willys-Overland Company of Toledo has a capital interest in the Canadian company, and the Toronto plant will have the plans for and certain parts of motor cars supplied at cost. The Canadian company has a well trained mechanical staff and is ready to launch out on business on a large scale at its Weston works. A record period of prosperity is conceded motor companies for the future.

"After the United States entered the war the Russell Motor Company organized a Buffalo company and established a plant there at $1,500,000. The plant is being sold and the net result of the enterprise is that the Russell Motor Company is getting more out of the investment than it put in. This will provide working capital. We view Russell Motor shares as good investments."

MARITIME PHONE IN GREAT NEED OF RATE INCREASE

Otherwise All Dividends Would Have Been Wiped Out

STILL A DEFICIT

Increases in Wages and Other Costs Will Mean a Shortage of $5.00 Per Phone Still to be Made Up

By Special Representative

HALIFAX.—The new schedule of rates which has been ordered for the Maritime Telegraph and Telephone Company by the Board of Public Utilities was a stern necessity for the company. Under the old scale it was as much as ever for the company to pay its dividends on the preferred and common stock. The balance after this was done was infinitesimal and probably it only existed in paper. With this condition the company was faced by a demand for extra wages amounting to $155,000, which had to be met if employees were to be retained on the staff. Taxes and other new costs amounted to $30,500 more. In other words the company had to meet new charges sufficient to wipe out all dividends unless additional revenue is provided. The report of the Public Utility Commissioners in ordering a new schedule to assist in meeting this situation points out that the old rates showed a deficit of $11.96 per telephone which the new reduced to the extent of $6.49 per telephone, leaving the company still with a deficit of $5.01. The increase is about twenty per cent. and becomes effective partly on August 1 and in whole on September 1.

In 1914 an independent valuation of the company's property showed this to be $2,571,219, whereas the capital was $3,252,875, a difference of $681,655, the commission thus cutting out any stock that might come under the heading of "water." Since then there has been spent by the company on capital account, and under the supervision of the Board of Public Utilities, the sum of $1,179,247, making a total capital expenditure of $3,750,466. Deducting from this $371,000 for depreciation, there is left, on which the company is allowed by statute to earn a dividend of 8 per cent., the sum of $3,378,866. The company is, therefore, under the decision, being asked to bear a portion of the war burden on its own shoulders to the extent of an apparent deficit of $5.01 per telephone, to meet which, economies must be found in some directions.

The rates in future on residence telephones will be $36 on one-party telephones; $30 on two-party lines; $27 on four-party lines. On the measured service, which is applied to Halifax, the flat rate is $36 a year at 60 exchange messages per month. The next 100 messages will be at rate of 3 cents each, and for all over 100 they shall cost 2½ cents each.

The wages paid at present and under the revised scale proposed by the company, are set forth in the following table:

	No. Emp.	Present Wages	Increase
General and executive.	24	$ 28,000	$ 4,500
Commercial dept......	190	67,000	16,500
Traffic department ...	476	193,000	92,000
Plant maintenance ..	149	123,000	42,000
Total.........	839	$411,000	$155,000

It is interesting to note that of the total cost of operating a telephone for a year the sum of $22.45 goes in wages. Taxes take $2.13 on each telephone. For every 53 telephones in the province there is an average of one operator, and for every 30 telephones there is an average of one employee.

The new schedule makes no change in the long-distance tolls. The advance in the flat rate charges on telephones is about $3 a year throughout the province. In Halifax, residence telephones will cost the above figure more in common with other parts of Nova Scotia, but there is a provision that where it is found in a residence that a greater number of messages are being originated than fifteen daily then that instrument shall be made liable to the measured service system.

DULUTH-SUPERIOR

The Duluth-Superior Traction Company reports gross earnings for the third week of July amounting to $37,453 as compared with $31,393 for the corresponding period in 1918, an increase of $6,060 or 19.3 per cent. For the year to date the earnings at $1,043,766, show an increase of $105,039 or 11.2 per cent.

WINNIPEG ELECTRIC

Net earnings of the Winnipeg Electric Railway Company for the month of May showed a falling off of $18,493 from the figures for the corresponding month in 1918, the total for the month being $50,099 against $68,592 last year. Gross earnings for the month at $248,935 were lower by $32,744 while working expenses amounting to $198,092 showed a decrease of $14,251.

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MINERAL OUTPUT OF B.C. MADE HIGH FIGURE LAST YEAR

Only Once Before Was the Value of Output Greater

COLLIERIES GAIN

Value of Colliery Products Showed Increase Over Previous Year of Over Four Million Dollars

By W. FLEET ROBERTSON,
Acting Deputy Minister of Mines.
(From Annual Report of Department of Mines)

The gross value of the mineral production of British Columbia for 1918 was $41,782,474, an increase from that of the year 1917 of $4,772,082 or 12.9 per cent. The gross value of the metallic minerals recovered in 1918 was $27,910,278, which represents an increase from last year of $625,804, a percentage increase of 2.3 per cent.

Only once in the history of the province's mineral statistics has this output been exceeded, and that was in 1916, when the year's mineral output amounted to $42,290,462, only 1.2 per cent. greater than 1918; and it must be remembered that 1916 was a phenomenal year, with metal prices temporarily inflated, due to war conditions. As compared with earlier years, the production of 1918 shows up even more favorably, for it exceeds the next highest recorded production, $32,440,800, made in 1912, by $9,341,674, or about 29 per cent.

As the value of the products of the metalliferous mines this year was only slightly greater than in the preceding year, the great increase made was therefore almost entirely attributable to the products of the collieries, which show outputs, both of coal and coke, exceeding those of the preceding year; the increased output of coal being some 152,270 tons, while that of coke was 28,062 tons.

In addition to this, the price of coal has been raised by the exigencies of the war, and these two factors combined have caused the value of the colliery products this year to amount to $12,833,994, an increase over the preceding year of $4,349,651.

The increase in the selling price of coal has been allowed at various times by the Dominion Government Fuel Controller, until, as nearly as can be calculated, the average price of coal for the year over the province as a whole has been approximately $5 a ton. What additional value this increased selling price gave to this year's output of coal and coke may be realized by comparison with the average selling prices assumed in former years of $3.50 a ton for coal and $6 a ton for coke. This additional value this year would amount to $3,642,334.

As regards the products of the metalliferous mines of the province, as already noted, the combined values of these products shows an increase over the preceding year of $625,804, an increase which under many adverse conditions prevailing is very encouraging.

The combined output of placer and lode gold shows an increase of $860,622, a rather pleasant surprise considering the greatly increased operating costs and the fact that the selling price of gold remains stationary.

Of these products, the placer gold production shows a decrease of $176,000, while lode gold shows an increase of $1,036,622, attributable to more active work in the Rossland camp, and to a full year's output from the Surf Inlet mine, a new producer.

Silver Production

The value of the silver production this year was greater than that of the previous year by $950,121, due to the materially higher market value of the metal, as well as an increased production of $568,596 oz.

The value of the production of both lead and copper are each lower this year than in 1917, although the quantity of lead and of copper produced are both materially greater than in 1917, the increase in quantity of copper over the previous year's production being 2,476,189 lbs., and that of lead being 6,592,196 lb. This is accounted for by a lower average market value of each metal during the year than that prevailing during 1917.

The figures for zinc production show that the 1918 output was only 75,597 lbs. less than in the previous year, but owing to the lowered market price the value was $267,219 less than in 1917.

The value of the miscellaneous metals produced this year was $97,311, while the value of the building materials of mineral origin amounted to $940,891, making a total for miscellaneous products of $1,038,202, which is $203,373 less than the 1917 output. The war conditions existing and the uncertainty as to the future caused an almost complete cessation of all building, with the exception of wooden structures.

As has been noted the fluctuations of the market prices of the various metals and ores has been an uncertain factor during the war, and now that the war is over this uncertainty is very much greater. It is impossible to predict what demand there will be for the metals in the immediate future, and the transition stage between war conditions and peace conditions leaves the metal market in an entirely unsettled state.

Prospects for Present Year

The prospects for the year 1919 are, when metal and mineral prices become stabilized, that the mining industry in British Columbia should continue to prosper. The established producers are generally in good shape to continue production even at lowered metal prices, and when settled conditions arrive much new development should take place.

British Columbia has large areas of undeveloped and unprospected mineral lands, and the return of peace will hasten the development of her mineral resources. There will be a considerable accession to the ranks of the prospectors and more capital will be available for legitimate mining development.

The total gross amount of coal mined in the province during the year was 2,578,724 tons (2,240 lbs.) of which there was used for making coke some 276,479 tons, leaving a net production of coal, used as such, of 2,302,245 tons. The amount of coke produced was 188,967 tons (2,240 lb.) The increased selling price of coal and coke has previously been discussed.

KIRKLAND LAKE

Speaking at the annual meeting of the Kirkland Lake Gold Mines this week, F. L. Culver, president, stated that conditions at the plant were excellent. In anticipation of the strike, a good deal of ore had been made ready for milling and a thousand tons were available, apart from ore underground and on the dumps. Mr. Culver expressed the opinion that the strike in the Kirkland Lake camp would not last long, as the great majority of the strikers had shown a desire to get their jobs back. The board of directors was re-elected as follows: President, F. L. Culver, Toronto; W. T. Mason, Montreal; F. D. Mercer, Toronto; H. E. Tremain, Toronto, and R. Graham, Toronto.

McINTYRE

A dividend of 5 per cent., payable August 30, to shareholders of August 15 record, has been declared by the McIntyre Porcupine Mines. At the present time the McIntyre mill is handling slightly over 600 tons daily, but the opening up of new levels below a depth of 1,000 feet has increased the ore reserves to such a degree that another unit will soon be required in the mill, thus bringing the daily capacity up to 1,000 tons.

GRANBY CONSOLIDATED

A Boston despatch gives the opinion that it will not be long before dividends on Granby will be resumed. The company has been paying 10 per cent. per annum for two years, but passed all dividends in the last quarter, mainly owing to the low price of copper and a shortage of labor. During the war years prior to 1918 when copper producers were flush, Granby made many additions and spent about $3,500,000 on a new by-product plant and otherwise put its facilities and equipment in shape, enabling it to show a considerable decrease in cost when operations again returned to normal. Although working capital was probably reduced during the past fiscal year, Granby must still be in a comfortable treasury position, inasmuch as at the close of 1918 it had $4,661,666 in net quick assets.

HOLLINGER

Unless something unforseen happens, the Hollinger Consolidated is going to hang up new production records during the coming months, state F. C. Sutherland & Co., in their latest market letter. Approximately 2,400 tons of ore per day are now being milled, which is the biggest average in its history. The company has 160 stamps in operation and is preparing to harness up another 40, increasing capacity 25 per cent. and consequently the revenue in the same proportion, while it may mean a better proportion of profits due to reduced overhead. The net profits from the treatment of approximately 1,900 tons per day for 1918 amounted to $2,588,563. It seems likely that the mill will treat on an average of 3,600 tons daily when the additional stamps are working. The profits should then work out at close to five and one-quarter millions per annum, or better than 20 per cent. on the issued capitalization. Add to this the present surplus of something over two million dollars and you will see that a dividend of 20 per cent. seems easily available. The stock looks to us like a good buy at the present market price, which is around $6.50.

WE OWN AND OFFER

Municipal and School Bonds

CREDIT CANADA
LIMITEE
Dominion Express Building
Montreal

OPERATING COSTS STILL CUTTING PROFITS OF C.P.R.

Net Earnings for Six Months Lowest Since 1910

GROSS AT HIGH MARK

Volume of Business Continues to Expand, But Benefits Go to the Employees and Not to Shareholders

The problems of railroads and other public service corporations in providing sufficient and improved service at fixed rates in the fact of steadily increasing operating costs as the result of higher wages and advancing commodity prices, are emphasized in the earnings statement of the Canadian Pacific Railway for the first six months of 1919. Despite the fact that the gross income of $76,722,266 was the highest in the history of the enterprise, showing an increase of $4,709,980, or about 6½ per cent. over the corresponding period of 1918, the increase in expenses of $7,230,487, or more than 12½ per cent., reduced the net showing by $2,520,506—to $12,186,478—or by more than 13 per cent. The ratio of operating expenses to gross earnings reached the record level of approximately 85.4 per cent., compared with 79.6 per cent. in the same period last year, and 70.6% in 1917. In 1915 the operating ratio was less than 65 per cent.

Results for the first six months of the past ten years, showing gross and net earnings, are as follows:

Six months	Gross	Net
1919	$76,722,266	$12,186,478
1918	72,012,286	14,706,984
1917	71,356,776	20,997,448
1916	63,011,721	19,601,733
1915	42,927,084	13,901,050
1914	54,528,660	15,114,491
1913	65,869,508	19,114,723
1912	60,753,175	18,827,994
1911	48,380,154	14,083,121
1910	45,063,976	13,770,080

Poorest Showing Since 1910

Although the June net compares favorably with that of a year ago, with that exception and that of 1915, when war conditions were most heavily felt in Canadian transportation circles, it is necessary to go as far back as 1910 to find a lower monthly figure for the same month as will be seen in the following table showing June gross and net for the past ten years:

June	Gross	Net
1919	$13,577,273	$ 2,990,421
1918	12,577,286	2,812,147
1917	13,556,979	3,915,906
1916	11,892,609	3,689,633
1915	7,512,034	2,678,031
1914	10,054,421	3,335,625
1913	11,674,430	3,627,755
1912	11,311,397	3,846,601
1911	9,479,650	3,024,671
1910	8,807,817	2,717,916

In greater detail the exhibit of the first six months of the current year, as compared with that of 1918, is as follows:

	1919	1918	Increase
Gross	$76,722,266	$72,012,286	$4,709,980
Ex.	64,535,788	57,305,301	7,230,487
Net	$12,186,478	$14,706,984	x$2,520,506

xDecrease.

The showing for the month of June contains a moderate increase in net earnings of $178,274, the first reported since February last, when the decreased ratio of working expenses to gross earnings, consequent upon the milder weather conditions prevailing early in 1919, as compared with those of the unusually severe winter of 1916-17, made such a gain possible.

The month's statements for the two years compare as follows:

	1919	1918	Increase
Gross	$13,577,273	$12,577,286	$ 999,987
Ex.	10,586,852	9,765,139	831,712
Net	$ 2,990,421	$ 2,812,147	$ 178,274

SPANISH RIVER

It is now definitely announced that the Spanish River Pulp and Paper Mills Co. have completed arrangements for the sale through Peabody, Houghteling & Co., of Chicago, of an issue of $3,500,000 ten-year second mortgage notes. The proceeds of the sale of these notes will be used for the retirement of the interest talons, regarding which a notice was recently issued, as well as the retirement of the present outstanding second mortgage "A" debentures. In addition to retiring obligations as mentioned, the proceeds will also provide for the installation of two additional paper machines of a capacity of 100 tons of newsprint per day. This will bring the output of the company to 600 tons of newsprint daily or more than double the output of any other mill in Canada.

Hollinger Consolidated Gold Mines, Limited

(No Personal Liability)

DIVIDEND NO. 67

A dividend of 1% upon the outstanding capital stock has been declared payable 12th August, 1919, on which date cheques will be mailed to shareholders of record at the close of business on 31st July, 1919.

D. A. DUNLAP,
Dated July 23rd, 1919. Treasurer.

Whether you have $100 or $100,000 for investment, our complete service is at your command.

Dominion of Canada
5½%
Victory Bonds

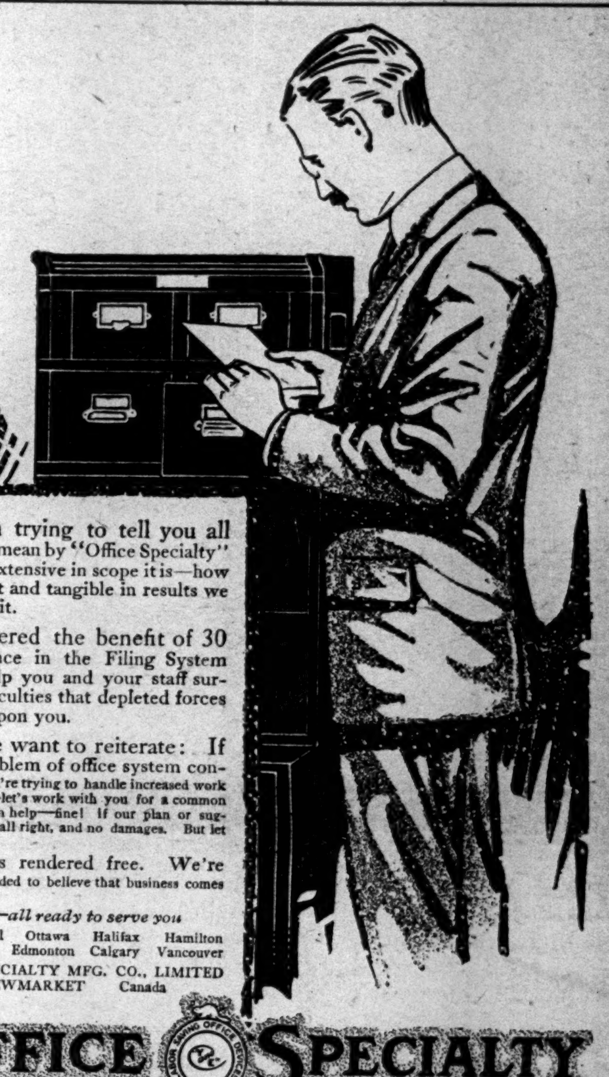
Our widely established connection enables us to offer unexcelled service to investors.

Our facilities for the purchase and sale of Victory Bonds are worthy special inquiry.

THE NATIONAL CITY COMPANY,
Limited

10 King Street East, TORONTO, Tel. Main 623
74 Notre Dame Street West, MONTREAL, Tel. Main 8400

Bonds for Investment
14



We've been trying to tell you all along what we mean by "Office Specialty" service: how extensive in scope it is—how sincere in spirit and tangible in results we strive to make it.

—we've offered the benefit of 30 years' experience in the Filing System business to help you and your staff surmount the difficulties that depleted forces are imposing upon you.

And now we want to reiterate: If there's any problem of office system confronting you—if you're trying to handle increased work with reduced staffs—let's work with you for a common purpose. If we can help—fine! If our plan or suggestions don't jibe—all right, and no damages. But let us try.

This service is rendered free. We're sufficiently open-minded to believe that business comes where service starts.

Ten Stores—all ready to serve you

Toronto Montreal Ottawa Halifax Hamilton
Winnipeg Regina Edmonton Calgary Vancouver

THE OFFICE SPECIALTY MFG. CO., LIMITED
Home Office NEWMARKET Canada

OFFICE SPECIALTY FILING SYSTEMS

937

DIVIDENDS

Montreal Light, Heat and Power Consolidated

12th DIVIDEND

NOTICE is hereby given that a Dividend of One and One-quarter per cent. on the Paid-up Capital Stock of the Company (being at the rate of Five per cent. per annum) for Quarter ending July 31st, 1919, has this day been declared:

1st. To Shareholders of record July 31st, 1919, on the Montreal and London, England, Registers.

2nd. To Holders of Share-Warrants in redemption of Coupon Serial No. 12.

Dividend cheques will be mailed to registered Shareholders August 15th, 1919; share-warrant coupons will be redeemed on presentation at the Company's Office, 315 Power Building, Montreal, or at the Banking House of Messrs. Aldred & Co., 1 Rue des Italiens, Paris, France.

By order of the Board.
C. S. BAGG,
Secretary-Treasurer.

Montreal, July 21, 1919.

The Canadian Bank of Commerce

Dividend No. 130

NOTICE is hereby given that a dividend of Three per cent. upon the capital stock of this Bank, being at the rate of twelve per cent. per annum, has been declared for the quarter ending 31st August next, and that the same will be payable at the Bank and its Branches on and after Tuesday, 2nd September, 1919, to shareholders of record at the close of business on the 16th day of August, 1919.

By order of the Board.
JOHN AIRD,
General Manager.

Toronto, 22nd July, 1919.

Stocks Wanted
Goderich Elevator
Trust & Guarantee
Sterling Bank
J. E. CARTER
Investment Broker, Guelph, Ont

BANK OF MONTREAL

NOTICE is hereby given that a DIVIDEND of THREE PER CENT upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY, the SECOND DAY OF SEPTEMBER next, to Shareholders of record of 31st July, 1919.

By order of the Board.
FREDERICK WILLIAMS-TAYLOR
General Manager.
Montreal, 22nd July, 1919.

McIntyre Porcupine Mines

Limited
(No Personal Liability)

DIVIDEND No. 8

NOTICE is hereby given that a dividend of 5 per cent. (5%) on the issued Capital Stock of the Company will be paid on the 30th day of August, 1919, to Shareholders of record at the close of business on August 15th, 1919.

By Order of the Board.
M. P. VAN DER VOORT,
Secretary-Treasurer.
Dated at Toronto, July 25th, 1919.

The Royal Bank of Canada

DIVIDEND No. 128

NOTICE is hereby given that a DIVIDEND OF THREE PER CENT. (being at the rate of twelve per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Tuesday the second day of September next, to shareholders of record of 15th August.

By order of the Board,
C. E. NEILL,
General Manager.
Montreal, Que., July 15, 1919.

ESTABLISHED 1875

IMPERIAL BANK OF CANADA

CAPITAL PAID UP $7,000,000. RESERVE FUND $7,000,000.
PELEG HOWLAND, President. W. MOFFAT, General Manager
HEAD OFFICE: TORONTO

GOVERNMENT, MUNICIPAL and other HIGH-CLASS SECURITIES BOUGHT and SOLD
CORRESPONDENCE INVITED
Address:
THE MANAGER, BOND DEPARTMENT
Toronto
62

THE BANK OF NOVA SCOTIA

INCORPORATED 1832

Capital, - - - - - $ 9,700,000
Reserve Fund and Undivided Profits, over 18,000,000
Total Assets, over - - 220,000,000

GENERAL MANAGER'S OFFICE, TORONTO
H. A. Richardson, General Manager

BRANCHES:
CANADA—In all the larger cities and towns and throughout each province—254 branches.
NEWFOUNDLAND—St. John's and 18 other points.
JAMAICA—Kingston and 9 other points.
CUBA—Havana.
PORTO RICO—Fajardo and San Juan.
UNITED STATES—New York, 52 Wall Street; Boston and Chicago.

CORRESPONDENTS:
LONDON, ENG.—London Joint City & Midland Bank, Ltd.
NEW YORK—Bank of New York, N.B.A.; National Bank of Commerce.
Collections made at lowest rates and returns promptly remitted. Accounts of firms, corporations and individuals carried on most favorable terms.

Correspondence Solicited

LLOYDS BANK LIMITED.

Head Office: 71, LOMBARD ST., LONDON, E.C. 3.
CAPITAL SUBSCRIBED - £55,962,850
CAPITAL PAID UP - - 8,954,056
RESERVE FUND - - 9,000,000
DEPOSITS, &c. - - 267,966,438
ADVANCES, &c. - - 81,072,134

THIS BANK HAS OVER 1,300 OFFICES IN ENGLAND AND WALES.
Colonial and Foreign Department: 17, Cornhill, London, E.C. 3.
The Agency of Foreign & Colonial Banks is undertaken.
Affiliated Banks:
THE NATIONAL BANK OF SCOTLAND, LTD. LONDON & RIVER PLATE BANK, LTD.
French Auxiliary:
LLOYDS BANK (FRANCE) AND NATIONAL PROVINCIAL BANK (FRANCE) LIMITED.

LONDON JOINT CITY AND MIDLAND BANK LIMITED

HEAD OFFICE: 5, THREADNEEDLE ST., LONDON, E.C. 2.

($5=£1.)
Subscribed Capital - - - - - $172,144,000
Uncalled Capital - - - - - 136,281,000
Paid-up Capital and Reserve Fund - 71,726,000
Deposits - - - - - $1,674,492,000
Cash in hand and at Bank of England - 318,780,000
Money at Call and at Short Notice - 329,045,000
Investments - - - - - 308,003,000
Bills of Exchange - - - - - 196,246,000
Advances on Current and other Accounts - 496,068,000
Advances on War Loans - - - 71,091,000

Overseas Branch: 65 & 66, Old Broad Street, E.C. 2.
Sir EDWARD H. HOLDEN, Bart., *Chairman*

NIAGARA FIRE INSURANCE COMPANY
Incorporated 1850 Head Office: NEW YORK
Cash Capital: $1,000,000.00.
Total Assets Dec. 31st, 1918: $10,286,583.97
Canadian Department: MONTREAL W. E. Findlay, Manager
Toronto Agents: - - Murphy, Love, Hamilton & Bascom

MONEY BANKING AND EXCHANGE

BIG INCREASES ARE SHOWN IN BANK CLEARINGS

Only One City Shows a Falling Off For the Week

DOMINION 27% HIGHER

All Cities Report a Gain for the Month of July—Gain in East is 26.3% and in the West 26.9%

Bank clearing returns for the week ending Thursday last show an increase over the corresponding period in the previous year of $64,264,640, or 27 per cent., the total for the week being $300,318,129, as compared with $236,053,489 last year. In the East the gain is $33,271,731, with London the only city showing a lower return. Montreal reports a gain of 23.1 per cent., and Toronto a gain of 8 per cent. All the cities in the West show higher returns with a total for the week at $73,993,238, a gain of 72 per cent. Winnipeg shows an increase of $17,135,203, or 75.7 per cent., while Saskatoon shows the largest percentage gain of 106.9 per cent., with Calgary following closely with a gain of 106.8 per cent.

Bank clearings for the month of July show an increase of $295,159,454, or 26.5 per cent. over the same month in 1918. All the cities throughout the Dominion report a gain for the month. Following are comparative figures for the week and month:

WEEKLY BANK CLEARINGS
(In comparison with same week last year.)

Eastern Cities	July 31, 1919	Change	%
Montreal	$ 114,909,507	+$ 21,589,008	23.1
Toronto	77,592,038	+ 5,756,035	8.0
Ottawa	7,910,891	+ 1,755,962	28.5
Hamilton	5,806,973	+ 1,126,492	24.0
Quebec	5,370,389	+ 1,237,837	30.0
Halifax	4,680,765	+ 444,661	10.5
London	2,155,547	— 190,936	8.1
St. John	2,889,518	+ 565,667	24.3
Brantford	921,149	+ 92,515	11.1
Peterboro	839,952	+ 42,493	5.3
Sherbrooke ...	838,568	+ 85,987	11.4
Kitchener	852,632	+ 208,944	32.5
Windsor	1,556,962	+ 557,066	55.8
Total, East...	$ 226,324,891	+$ 33,271,731	17.2

Western Cities	July 31, 1919	Change	%
Winnipeg ....$	89,813,469	+$ 17,135,203	75.7
Vancouver	11,936,235	+ 3,920,343	48.9
Calgary	5,791,112	+ 2,992,967	106.8
Edmonton	3,881,724	+ 1,629,088	72.3
Victoria	2,571,201	+ 1,070,495	71.3
Regina	3,551,472	+ 1,694,861	91.3
Saskatoon	2,258,015	+ 1,166,732	106.9
Moose Jaw ...	1,518,043	+ 510,800	50.7
Ft. William ...	760,653	+ 132,833	21.1
Brandon	858,738	+ 303,642	54.7
N. Westminster	636,548	+ 303,825	91.3
Medicine Hat .	416,028	+ 132,120	46.6
Total, West....$	73,993,238	+$ 30,992,909	72.0
Grand Total ..$	300,318,129	+$ 64,264,640	27.0
Yr. to date...	$8,146,915,258	+$995,953,448	13.9
Lethbridge	1,047,149		

MONTHLY BANK CLEARINGS
(In comparison with same month last year.)

Eastern Cities	July, 1919	Change	%
Montreal .....$	548,408,945	+$140,648,475	34.4
Toronto	362,804,420	+ 49,455,790	15.7
Ottawa	38,528,285	+ 9,276,875	31.7
Hamilton	28,158,831	+ 6,430,104	23.8
Quebec	28,238,414	+ 5,975,941	26.8
Halifax	22,627,589	+ 2,643,987	13.2
London	15,754,171	+ 4,325,806	37.8
St. John	13,679,104	+ 2,925,823	27.2
Brantford	4,981,486	+ 437,583	9.6
Peterboro	3,619,321	+ 364,749	11.2
Sherbrooke ...	3,937,306	+ 381,443	10.7
Kitchener	3,922,974	+ 1,048,497	36.5
Windsor	8,578,363	+ 3,115,404	57.0
Total East. ...	$1,083,239,209	+$226,030,477	26.3

Western Cities	July, 1919	Change	%
Winnipeg .....$	163,813,469	+$ 33,605,596	25.8
Vancouver	54,076,340	+ 9,405,238	21.0
Calgary	28,053,191	+ 6,982,111	33.2
Edmonton	19,699,769	+ 6,403,129	48.5
Victoria	11,807,469	+ 2,313,235	24.3
Regina	16,650,735	+ 4,199,007	33.8
Saskatoon	9,382,795	+ 2,625,368	38.8
Moose Jaw....	6,950,073	+ 1,370,252	24.5
Ft. William ..	3,539,398	+ 491,981	16.1
Brandon	3,168,089	+ 634,189	25.0
Lethbridge ...	3,636,525	+ 56,401	1.5
N. Westminster	2,578,031	+ 699,186	37.3
Medicine Hat .	1,943,989	+ 343,284	21.4
Total, West....$	325,299,883	+$ 69,128,977	26.9
Grand Total ..	$1,408,539,092	+$295,159,454	26.5
Prince Albert..	1,609,895		

NEW YORK FUNDS ADVANCE RAPIDLY

On Thursday Sold Up Over 5 Per Cent., Later Reacting as the Demand Dropped

The week has been conspicuous for the rapid rise in the quotation on New York funds from under 4 per cent. to over 5 per cent. This rise is generally attributable to the taking up by Canadian buyers of bonds of the new external loan. It is anticipated that there will now be some recession in price though general trade conditions are such as to render any marked or permanent decline impossible. The buying of bond issues by the United States investors and the selling by Canadians of American stocks will of course exert some influence on the market, but at the basis of the business there is the unfavorable trade balance which can only be rectified by a radical change in the flow of commodities. The course of exchange during the week was as follows:

July 25—Funds opened at 3 15-16 and sold at 3 31-32 and 4 per cent. to the seller.

July 26—Funds sold at 4 and 4 1-32 per cent. to the seller.

July 28—Market steady at 4 1-16 each way.

July 29—Funds opened at 4 1-16 bid; sold at 4 5-16 and closed at 4 7-16.

July 30—Opened at 4⅜ bid; sold at 4 7-16; 4 17-32; 4⅝; 4 11-16; 4¾, and closed at 4⅞.

July 31—Opened at 4 15-16 and sold successively at 5; 5⅛; 5 3-16. They then reacted to 5⅛ and closed easy at 5 per cent. asked.

Both sterling and francs fluctuated somewhat but showed increasing steadiness towards the end of the week. Opening rates were:

	Sterling. Demand	Sterling. Cables	Francs Demand	Francs Cables
July 25 ...	4.39	4.40	7.11	7.09
July 26 ...	4.34	4.34¾	7.21	7.19
July 28 ...	4.37½	4.38⅛	7.16	7.14
July 29 ...	4.37	4.37¾	7.24	7.22
July 30 ...	4.35½	4.36¼	7.33	7.31
July 31 ...	4.35½	4.36¼	7.26	7.24

Speaking at the convention of branch managers of the Union Bank at Saskatoon on the foreign exchange situation, E. M. Dawson, manager of the foreign exchange department at Montreal, dwelt upon the current high premium on New York funds. "There is no getting away from a 3 per cent. premium on New York funds," he declared. "It is due entirely to present world-wide conditions. When sterling exchange has dropped to approximately a 15 per cent. discount it is unreasonable to expect more favored rates in Canadian exchange. In fact it would not be surprising if we had a 5 or 6 per cent. discount on the Canadian dollar in the United States.

"Who gets the advantage of the high premium on the American dollar? The Canadian exporter, the Canadian who is able to sell Canadian products abroad. It is the Canadian who buys abroad who suffers. In other words, Canadian women who buy silk stockings and other luxuries, or Canadian men who buy American motor cars who very largely are contributing to the keeping of the Canadian dollar at its present heavy discount."

ROYAL

The Royal Bank of Canada announces the opening of the following branches: Chatsworth, Ont., A. A. Hutchison, manager; Lindsay, Ont., H. C. Sootheran, manager; Merrickville, Ont., F. C. Lorway, manager; Winnipeg, Main and Logan, M. A. O'Hara, manager. A branch has also been opened at Fredericton Junction, N.B. The following sub-branches have been opened: Beulah, sub-branch to Isabella, Man.; Bluesky, sub-branch to Peace River, Alta.; Ranfurly, sub-branch to Lavoy, Alta.

TORONTO

The Bank of Toronto has announced that they will erect a branch office at the corner of Christie and St. Clair Avenues, Toronto, next door to the present premises of the branch on St. Clair Ave.

NOVA SCOTIA

The Bank of Nova Scotia has opened a branch at Kennetcook Corner, Hants County.

The southwest corner of St. Clair Ave., in the Oakwood block is the site selected by the Bank of Nova Scotia for their Orkwood branch. At present they are occupying temporary premises on St. Clair Ave. H. J. Oke is manager.

COMMERCE

Sir Edmund Walker, president of the Canadian Bank of Commerce, who has been making a survey of conditions in China and Korea, arrived at Victoria during the past week on the "Empress of Russia." With him were Mr. Logan, head of the bank's foreign trade department, and Mr. Holt, manager of the Vancouver branch. The party left Victoria last March.

Sir Edmund and his party were met at the dock by Hon. John Hart, Minister of Finance, and Sir John Aird, general manager of the Bank of Commerce, who came West to meet his chief.

Sir Edmund Walker said that as trade leadership rested on trade knowledge, he had taken this trip to acquaint himself with conditions in the far East. It was an acknowledged fact that the commercial field of the future lay across the Pacific. More, with its vast possibilities as an export country, particularly in the matter of beans, held excellent possibilities in banking lines. He had found that the same banking system as used on this continent sufficed in the Orient.

STERLING

E. W. Jones, of the Winnipeg branch of the Sterling Bank, has been transferred to the branch at Kelwood as teller, while H. Robertson, also of the Winnipeg, office, has been transferred to the branch at Brookdale, as teller.

E. H. Brown, who recently returned from the front, has been appointed teller at the branch at Hanley, Sask.

G. E. Carpenter, who was formerly teller at the Montreal branch of the Sterling Bank, has returned from the front and rejoined the staff, and is at present at the Zephyr branch during the absence of Mr. McCrackin.

The July issue of Houston's Bank Directory shows that at the end of June there were 3,978 branches of the Canadian chartered banks in Canada, these being situated 1,317 in Ontario; 1,004 in Quebec; 143 Nova Scotia; 100 New Brunswick; 34 Prince Edward Island; 275 Manitoba; 360 Alberta! 557 Saskatchewan; 185 British Columbia and 3 in the Yukon, while in Newfoundland there were 37 branches and elsewhere 105, which makes the total number of branches 4,120.

GOVERNMENT AGAIN FINANCING ON BANKS

A Big Increase in Holdings of National Securities During June

An outstanding feature of the June bank statement revealed by the detailed figures received since last issue, is the increase in the holding of Government securities, which have grown by over $100,000,000 during the month to a tol of $224,301,264. This may be taken as an indication that the Government is again financing with the aid of the banks, and that it will continue to do so until such times as there are new funds available from the forthcoming Dominion loan. The bearing which the Government requirements may have on trade and commerce and industrial activities is important, and in this connection there may be some significance in the fact that during May and June current loans were reduced by more than $64,000,000. However, it should not be overlooked at the same time that the increase in deposits during the same period was more than sufficient to counterbalance the Government advances.

With the big call upon the banks by the Government, there has been a reaction in the movement which has been reducing the bank liabilities to the Government. These were increased during June by $15,000,000, after having been cut down by more than $114,000,000 during April and May. This would seem to indicate that the Government has been reducing its cash surplus, but is still more likely to be a reflection of further financing on the part of the banks as under the War Measures Act, to meet the situation.

LARGE PROFITS OF PROVINCIAL BANK

A Substantial Improvement Shown for Eighteen-Month Period

The statement of the Provincial Bank of Canada to June 30th, 1919, which is just being distributed to shareholders, is for an eighteen-month period, and for this reason it is rather difficult to make comparisons.

From the act, however, that the proits for the year and a half at $434,594 were more than double those of the previous twelve months, totalling $207,484, it will be appreciated that a very substantial improvement has been made. In addition, there were premiums on stock of $90,250, with the result that with the amount brought forward, $20,044, there was available for distribution $544,848, which sum was disposed of as indicated in the following comparative summary:

	1918-19 18 months	1917 12 months
Profits	$434,594	$207,484
Bal. ford.	20,004	17,520
Prem. on stock.......	90,250	......
	$544,848	$225,004
Dividends	$124,191	$ 70,000
War tax	16,464	10,000
Written off	20,000	23,500
Spcl. reserve	40,000	40,000
Patriotic	2,500	6,500
Pension	25,000	5,000
Bonus to staff	22,000	......
Reserve	250,000	50,000
Balance	44,693	20,004
	$544,848	$225,004

A complete analysis of the statement and balance sheet will be presented next week.

THE PRICE OF GOLD

Increase Expected as Result of Re-establishment of Market

LONDON.—A rise of about 10 per cent. in the price of gold is expected as the result of the reestablishment of the free market for the sale of precious metals by the South African companies. An agreement between the Bank of England and the representatives of the gold mining companies of the Transvaal has now been signed. This concession has been made to the mining companies to enable them to sell their gold in the best markets and thereby get a better price for it in order to place them in a more advantageous position to meet the rising costs of production.

During the war the export of gold abroad has been prohibited, and the producers had been under obligations to sell to the bank at the fixed price of £3 17s. 9d. per oz. The agreement arrived at means that the restrictions on sales abroad of this gold have been removed. As an experiment sale, 50,000 ounces of gold have been shipped to the United States at a price of about 85s. 6d. standard ounce, which represents a premium of approximately 10 per cent. compared with 77s. 9d. obtained by the companies hitherto.

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Secretary, J. B. Adshead.
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MONTREAL

Sir Frederick Williams-Taylor, general manager of the Bank of Montreal, is on a tour of inspection of the entire West.

A meeting of the staff of the London, Eng., branch of the Bank of Montreal, was held recently to revive the swimming club which was suspended during the period of the war. At the request of the staff Mr. W. Kerr, assistant manager, presided and extended a hearty welcome to the men who have returned from His Majesty's forces, having served in the majority of cases during the whole period of the war. Special homage was paid to those who made the great sacrifice. A hearty welcome was also extended to the staff of the Bank of British North America, who are now merged in the staff of the Bank of Montreal.

NEWS AND VIEWS FOR MANAGERS

GIVING SERVICE TO CUSTOMERS AND COMMUNITY

Union Bank Managers in Conference at Western Points

SATISFY EMPLOYEES

Argument That Success of the Bank Depends Upon Contentment and Happiness of the Managers

By Special Representative

The main object in conducting this department in THE FINANCIAL POST *has been to provide something in the nature of a clearing house for the exchange of practical information between bank managers. Along the same lines the management of the Union Bank of Canada has recently arranged a series of conferences in Western Canada, where managers and officials have come together to discuss current matters on a mutual basis. The various sessions held much of interest to the banking community as a whole, as will be found in the following report specially prepared for readers of these columns.*—J. W. T.

SASKATOON.—Aimed "to open every medium for the betterment of banking service," to quote H. B. Shaw, general manager, the conventions of the branch managers of the Union Bank of Canada, of Manitoba, Saskatchewan and Alberta, which are in pregress, afford an exceptional opportunity for improving the bank's interior organization, through the intimate conferences possible between executive officers and the men on the firing line. The Saskatoon convention rounds out the third conference so far held, and follows two-day conferences at Winnipeg and Regina. From here the general manager's party goes on to Edmonton and Calgary.

The keynote of the conferences has been service, Mr. Shaw never failing to stress the necessity for the development of community vision, and urging upon the branch managers at all points the vital need of educating the staff under them in the principles of service, efficient, sympathetic and courteous, and as well to the need for personal thrift. F. E. Kenaston of Minneapolis, and a director of the bank, brought a special message to the Winnipeg session, following his recent trip to the Orient. He told of the possibilities for the development of trade with the Far East and then confined his remarks to the need for development of the community spirit by the branch bank managers.

P. J. Pugh of Brandon, who has the distinction of being longest among the branch managers in the Union Bank of Canada's service in the Western division, strongly advocated that the branch managers should "boost" for the town in which they live. "Affiliate yourself with everything that tends to your town's upbuilding," Mr. Pugh urged, addressing his remarks particularly to the younger branch managers. "Always remembering, too, that in building up the community in which you are, you are indirectly benefiting the institution with which you are associated."

Service and the Public

W. M. Chandler, superintendent of Western branches, expressed the opinion that the public is not interested in theory, but rather in the service which it receives from the banks, and "keeping in mind our duty to our depositors and to our shareholders we must strive to make that service reach a little higher than expectations," said Mr. Chandler, continuing, "The bank is probably the most important instrumentality in the development of our system of trade and commerce; but this fact has no weight with the average farmer or small borrower. The individual banker, originally a mere money-lender, was the forerunner of the modern bank with its extensive ramifications, but so far as the general public is concerned the individual bank manager is still the embodiment of local finance.

"Such being the case, the responsibility for the successful handling of the local situation is largely in the hands of the branch managers, and it is their duty to study the needs of their community so as to be in a position to deal intelligently with various demands or problems as they arise."

A. B. Jamison, Western Inspector, of Winnipeg, dealing with the relations of his department and the bank managers said: "It stands to reason that with a well-organized office more efficient services may be rendered to the public than if the reverse obtains. When an office is well organized and operations are performed in a systematic manner the staff is healthier and happier and the effect is immediately apparent in their attitude toward the public. An alert and enthusisatic staff makes the customers feel that it is a pleasure to do business with the bank."

Serving the Community

At Regina F. W. S. Crispo, assistant general manager, spoke particularly regarding the responsibilities of the branch managers in studying the requirements of their communities and in rendering every assistance possible in production and development along safe lines. He laid particular emphasis upon the necessity for a sympathetic co-operation with the different farmers' organizations.

"The branch manager in this respect possesses special opportunities for public service," he urged, "and it is the desire of the Union Bank of Canada that he should set a high standard. The bank, as a matter of policy, has evidenced its faith in the province of Saskatchewan by opening branches freely and in the carrying out of that policy each manager must feel the responsibility that lies upon him to make the service at his branch efficient and helpful. I feel confident that the newer men will emulate the example of the pioneers in branch extension that the directors and executive of the bank feel that its interests and the interests of the public are in safe hands."

Mr. Crispo told the Manitoba managers, that in his opinion the province should, from a scientific standpoint, be the best farming district upon the continent. "The fundamental conditions are here," he said, "and you men as branch managers have a tremendous responsibility, for you supply the driving force for the agriculture of the province. Every branch manager should at least have a working knowledge of farming."

Contentment and Success

J. W. Hamilton, assistant general manager, Winnipeg, expressed the belief that the progress and earning power of the bank were inseparably linked with the happiness and contentment of the managers and their families and the bank staff generally. "If our branch managers and other members of the staff are not working in an environment of contentment and happiness their efforts in the other direction must reflect it," was his conclusion.

B. B. Carter, Superintendent of Eastern Branches, of Toronto, and at one time and for several years manager at the Regina branch, brought a message from the Eastern Division of the Union Bank of Canada, at the Regina sessions, of tribute to the Western service, and, as well, a tribute to the potentialities of banking in the Western provinces. "We have, of course, no such opportunity for advancement as you have in Western Canada," Mr. Carter admitted, explaining, "Our part of the country has been settled for a great number of years, and the population during the past few years has shown no pronounced tendency to increase; moreover, in all towns and villages the banks have had branches for years, and except in the smallest places there is little room for a new branch.

"As against this in Western Canada you have a continually developing country and have a land full of untold wealth and endless possibilities, a land into which immigrants will be pouring just as soon as the gates controlling immigration are once more opened."

Anent the Western extensions, Mr. Carter said: "I am, of course, aware of the enormous growth which has taken place in the bank's business in Western Canada during the past few years. I am proud to say that I spent 15 years in the Western branches, and there is no question that the training a man gets out here is broadening; has a tendency to make one self-reliant and is a tremendous asset to any banker afterwards if moved to the more settled but less romantic East. In amplification of this, I might add that in most of the banks in the city of Toronto you will find that the men at the head of affairs have had many years' experience in Western Canada."

The Customer's Interests

Mr. Carter stated that he regarded service as the banker's key-note to success. "We have a double service to perform. We must safeguard the interests of the bank, and above all protect the business of the bank's customers." Mr. Carter emphasized the need for developing an intelligent interest in customer's business, warning the bank manager, "Occasionally in your own mind place yourself in the position of your customer and reflect as to whether you are giving him an absolutely square deal."

W. Mitham, Western Auditor, of Winnipeg, speaking on the "Business of Finance," emphasized the bank's connection with agriculture. "The basic industry in the West is agriculture," said Mr. Mitham, "its products are the chief factors in living conditions and in the wage question, and therefore closely allied to costs in all industries. We know that more capital expended in the development of agriculture is going to better the whole community, but it is vital that this money be spent in the right way.

"It is the business of the banks to do all in their power to assist production, and a tight rein should be held on every tendency to use credit outside of essential and productive purposes. To every credit should be applied the acid test of whether it is aiding the production or movement of goods.

"It is not enough for banks merely to make a profit for themselves and sell credit cheap. They are trustees for the community and they have to use all their great influences to secure that capital is made to promote the general prosperity and serve the social body for which business itself is conducted. It is the duty of bankers everywhere to exert their influence in harmonizing and bettering all elements of society, replacing distrust with faith and loyalty of spirit.

"Social conditions are not what they should be anywhere," he continued, touching upon labor unrest. "But there is nothing remedial or constructive in a threat to paralyze industry. Organized labor needs to realize the obvious fact that their interests and the interests of the nation are inseparably connected with the successful operation of the very industries threatened by their action.

"Employment and prosperity are dependent upon confidence and good understanding in industry. But the foundation of credit is confidence, and that confidence is precisely what is lacking to-day. As a first practical step towards making the world safe for democracy the League of Nations must begin by taking what measures it can to make the world safe for industrial revival.

"Production is the basis of all wealth, and the more rapid advancement there is in industry the better. Every day wasted means a world already short of life commodities made poorer by suffering, for, until this world-hunger for goods is satisfied, high prices are bound to continue."

Modern Advertising

J. H. Hodgins, manager of the Statistical Department at Toronto, gave talks at each convention point upon modern methods of bank advertising.

"We all came to appreciate, through the Victory Bond campaigns, the application of advertising to the principle of thrift," he remarked in a special plea for the further development of savings accounts and the development of the principles of personal economy. "Consistent and attractive advertising and newspaper publicity did probably more to mould public opinion in the subject of war-time thrift and economy than anything. Personal thrift is just as vital to-day. To-day Canada has a war debt of almost two billion dollars; it is a debt the burden of which may chiefly be lifted by means of national thrift.

Mr. Shaw, the general manager, has expressed himself as completely satisfied with these "get-together" meetings of the executive and branch managers that he has determined upon holding of similar conferences annually, with the consistent aim at a betterment of the banking service as the Union Bank of Canada continues to extend its ramifications in the Canadian field as well as abroad, through the Park-Union Foreign Banking Corporation, which it jointly controls with the National Park Bank of New York.

52 MATURING DAYS

An Iowa Bank Has a Farmers' Settlement Day

In the big towns, where the bank is just around the corner, transacting the day's banking is an easy matter, but in the country, where farming is the chief business occupation, it is quite another matter. One Iowa bank has hit upon the expedient of making all notes mature on Saturday, in spite of the Negotiable Instruments Law, this being the day the farmer comes to town and therefore making it easier for him to call at the bank and settle. This is the way the plan is described in "The Live Wireless," the bank's own publication:

When a customer's note falls due, at the First National Bank of Northboro,, it will usually light on a Saturday. This custom or practice was initiated at the beginning of the year 1919, and was discussed at the regular meeting of the active officers of the bank, William H. Longman, assistant cashier, Mrs. Clara L. Nye, assistant cashier, and Frank T. Nye, cashier. Heretofore, our customer's notes have been made, according to the old custom, of 30, 60 or 90 days, or possibly 180 days, with no reference as to when the maturity would come. By bringing the maturity day on Saturday, it falls due on the day the farmer is most in town, and it is, therefore, an advantage to the farmer to have the note due on that day, for not unlikely it makes unnecessary a second trip to town. Economy of time is what we are all striving to attain, and this is one method of obtaining it. At this meeting of the active officers of the bank, it was also pointed out that the bank would have only 52 maturity days in the year, whereas now it has perhaps 300. This reduction of the number of maturity days brings the notifying and caring for the notes under system, and lessens the time necessary to attend to this department of the work, and also, as we have said, fits into the farmer's routine better than the old way. If any of our banker friends will indicate where there is any material disadvantage in this method, as compared with the old one, we will be pleased to be informed what it is. We think as far as any bank is concerned, it would be a distinct advantage to lessen the number of maturity days, as above set forth. We will not at present enter into the various angles of advantage presented by a study of the merits of the proposition, but will be glad to discuss this with bankers at the proper time.

BANK OF ENGLAND

London, July 31.—The weekly statement of the Bank of England shows the following changes:

Total reserve, decreased	£ 408,000
Circulation, increased	493,000
Bullion, increased	84,294
Other securities, decreased	118,000
Other deposits, decreased	5,458,000
Public deposits, decreased	1,806,000
Notes, reserve, decreased	459,000
Government securities, decreased	6,679,000

The proportion of the bank's reserve to liability this week is 20.44 per cent.; last week it was 19.67 per cent. Rate of discount 5 per cent.

WE OWN AND OFFER

Canadian Woollens Limited

7% Cumulative Redeemable Sinking Fund Preferred Shares $1,750,000.00.

The strong features of this issue are:

(1) The Preferred shares are the first charge against the company's net assets.

(2) No Bonds, Debentures, Mortgages or Liens can be issued to take preference except with the consent of two-thirds of the preferred shareholders.

(3) A sinking fund will be established to retire the preferred shares in 1941—during the interval the preferred shares will be purchased for the sinking fund at any price obtainable in the open market up to 110.

(4) The net profits for the past 5½ years have exceeded an average of 2½ times the total present fixed charges per annum. The current earnings of the company are more than four (4) times the fixed charges.

(5) The Board of Directors is composed of men, mostly textile manufacturers, who are very largely responsible for the very successful organizations at which they stand at the head.

(6) The management is in the hands of one of the most successful textile manufacturers in Canada.

(7) The company's finances are completed, showing $1,691,542.34 of liquid assets and fixed assets of $1,244,996.16.

We purchased this security believing most implicitly in its worth—with the strongest confidence in its management—and we have no hesitancy whatever in recommending the investment to our clients.

For further particulars apply to

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Service for Corporations

Officials of Public Companies should be relieved of all possible detail and responsibility. The Union Trust Company is authorized and organized to be of assistance in several particulars:

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2. Trustee for bond or debenture issues.
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Union Trust Company

LIMITED

Henry F. Gooderham, President

Head Office: Corner Bay and Richmond Streets, Toronto

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United Financial Corporation

Limited

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President Canadian Explosives, Limited
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Secretary-Treasurer

Branch Offices : TORONTO, WINNIPEG, LONDON, Eng.

3

Ontario Steel Products Company Limited

ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS

Your Directors herewith present Annual Statement of the Company for year ending 30th June, 1919:

During the first half of our year war restrictions militated against the successful operation of your various factories, but conditions in this respect are now improved.

Armistice proceedings were followed by a lull in the demand for some of our various products, though, on the other hand, the cessation of hostilities helped our trade in other lines, and we have maintained a fair average business during the whole year.

Workmen's wages have been substantially increased, and our relationship with our employees is harmonious.

Export Orders: On the signing of the armistice, the unfilled portion of contract with the U. S. Government (amounting to about one-third) was cancelled, and other Export business has fallen off considerably during the last six months.

Your inventories have been adjusted to present market prices, and all obsolete stock has been written off.

New Spring Works: In view of the probable increased demand for Motor and Truck Springs, your Directors decided to erect and equip another large spring factory, selecting Oshawa, Ontario, as a desirable location for same. An attractive site of about eight acres in area was purchased at a moderate price, and the building is now in course of erection. The town of Oshawa has granted a fixed rate of assessment for ten years at a nominal amount, and your management expects to have the factory in operation by January, 1920. These new works will be called The Central Spring Company.

Dividends: During the past year, in addition to the regular dividend of 7% on the Preferred Shares, payments of 2¾% have been made on account of arrears, the deferred payments now amounting to 3¼%. At a meeting held in July, 1919, your Directors decided upon a further payment of 1¼% on account of arrears, same to be paid concurrently with regular quarterly dividend on August 15, 1919. Provision for same will be noted in statement. With this payment arrears will be reduced to 2%, which amount we trust will be paid off during the coming twelve months.

All of which is respectfully submitted.

On behalf of the Board of Directors,
W. WALLACE JONES,
President.

Gananoque, Ontario, 12th August, 1919.

CONSOLIDATED BALANCE SHEET, 30th JUNE, 1919

FIXED ASSETS			
Real Estate, Plant, Power Rights and Goodwill			$1,870,020.93
CURRENT ASSETS			
Cash		$108,830.98	
Bills and Accounts Receivable		319,301.62	
Inventories		236,598.94	
Securities		160,956.24	
			825,687.78
DEFERRED CHARGES TO OPERATIONS			
Insurance and Taxes paid in advance			2,657.50
			$2,698,366.21
CURRENT LIABILITIES			
Bills and Accounts Payable		78,680.40	
Business Profits War Tax		34,234.17	
Bond Interest due 2nd July, 1919		16,626.00	
Preferred Dividend payable 15th August, 1919		22,500.00	
			152,040.57
RESERVES			
For Bad Debts, etc.		35,450.72	
" Depreciation		51,500.00	
" Sinking Fund on Bonds		61,800.00	
			148,750.72
FIRST MORTGAGE SIX PER CENT. BONDS			
Due 2nd July, 1943		600,000.00	
Less Bonds redeemed by Sinking Fund		61,800.00	
			538,200.00
CAPITAL STOCK AUTHORIZED AND ISSUED			
7% Cumulative Preferred Shares		750,000.00	
Ordinary Shares		750,000.00	
			1,500,000.00
PROFIT AND LOSS ACCOUNT			
Net Profit for year to date		198,770.34	
Balance brought forward, 1st July, 1918		281,729.58	
		480,499.92	
Less—Bond Interest	$36,000.00		
7% Preferred Stock Dividends:			
Regular Dividends Paid	39,375.00		
Arrears Paid, 1½%	11,250.00		
1¾% Payable 15th Aug., 1919	13,125.00		
1¼% " 15th Aug., 1919	9,375.00		
Transfer to Bond Sinking Fund	12,000.00	121,125.00	359,374.92
			$2,698,366.21

We have examined the Books and Accounts of the Ontario Steel Products Company, Limited, for the year ending 30th June, 1919, and we certify that in our opinion the above Balance Sheet is drawn up so as to show a true and correct view of the financial position at that date.

E. B. SAVAGE & CO.,
Chartered Accountants.

Montreal, 14th July, 1919.

THE FINANCIAL POST

President - - - - - JOHN BAYNE MACLEAN.
Manager - - - - - - GORDON RUTLEDGE
Editor - - - - - - - J. W. TYSON

A weekly newspaper, presenting in a popular manner reliable information respecting investments and financial affairs in Canada.

No paid advertising, other than annual reports or official notices of corporations, will be inserted in the news columns unless marked "Advertisements."

Advertising matter is investigated before publication, and none of known questionable character is accepted. Acceptance of advertising will not deter the editorial department from making such comments as the situation may suggest.

No material from news bureau sources submitted for editorial purposes will be published, and no such bureau or individual should be paid any consideration or given any credit for the insertion or inspiration of any item.

ADVERTISING RATES:

Single insertion	$ 2.15 per inch.
Yearly insertion	58.25 per inch.
Financial Reports, Debenture Notices, etc.,	15c per agate line.

SUBSCRIPTION PRICE

Canada and Mexico	$3.00 per annum.
United States	3.50 per annum.
Great Britain, Ireland and Colonies having minimum post rates	12s. 6d.
France and other Countries	16s. 6d.

Subscribers are especially requested to report any instance of delay or non-delivery of THE POST.

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THE MACLEAN PUBLISHING COMPANY, LIMITED
143-153 University Avenue, Toronto.

MONTREAL, Southam Building, 128 Bleury St., M. Foster; WINNIPEG, 1207 Union Trust Building, C. W. Byers; BOSTON, 734 Old South Bldg., C. L. Morton; NEW YORK, Room 620, 111 Broadway, R. H. Huestis; CHICAGO, Room 1401 Lytton Bldg., 14 E. Jackson St., A. H. Byrne; GREAT BRITAIN—London, The MacLean Co., of Great Britain, Ltd., 88 Fleet St., E.C., E. J. Dodd, Director.

TORONTO, AUGUST 2, 1919

MAKE THE NEW LOAN TAXABLE

THE Government has an important point to decide in relation to the forthcoming loan as to whether or not it should be subject to income tax. Uncertainty now prevails. This uncertainty is reflected in some degree in the present weakness of national bonds. An announcement should be made at the earliest possible moment and THE FINANCIAL POST believes that such announcement should favor a taxable bond.

When the last Victory Loan was floated THE POST took a prominent part in the controversy regarding the taxation feature. After weighing all the arguments we went on record as favoring a tax-free issue in the face of many strong points to the contrary. We did so because we were convinced that the first consideration was that the loan should be a success.

To-day the situation is different. There is still great need for large funds—a need almost as great as a year ago—for there are important readjustments to be taken care of. The financial crisis has not yet been passed by any means, but the military crisis has. Failure last year would have had a direct bearing upon our military efficiency. Failure this year would still be a grave matter, but the burden would be an economic one. If the people will not lend sufficient money to the Government to meet national needs and sustain national prosperity—and we do not believe they will shirk their duty—the Government will have to take other means of raising the necessary funds. But the sooner we face the actualities of the situation the better.

Actually the point is not so important as might appear because there will be a difference in the rate of interest, taking into consideration the tax obligation. But with such heavy tax burdens ahead Government issues cannot be continued on a tax-free basis indefinitely. Public opinion remained passive in the face of the emergency which had to be faced, but now that the war is over there will be the strongest kind of opposition to any arrangement which presents advantages to the wealthy.

RESPONSIBILITIES OF AUDITORS

THE Chatham creditors of the Standard Reliance Corporation were informed by G. T. Clarkson, the liquidator, that he as auditor in 1914 objected to the manner in which the affairs of the Corporation were being conducted and resigned his position. If we recall correctly auditors had similarly resigned their position in connection with the affairs of the defunct Dominion Permanent Loan.

There may be much to commend the course taken by these auditors, but we believe that there is a question as to whether they and their successors discharged their full duty. We have looked up their reports to the shareholders and fail to find that they reported anything of what they admittedly knew. And it is to the shareholders, we hold, that they are responsible.

The auditors of a company are appointed by the shareholders, usually at the annual meeting. Custom seems to have established the rule that they shall work under the direction of the directors and report to them. We believe that this does not provide the shareholders with the protection to which they are entitled. If they appoint auditors to represent them they have a right to have a report from them as to any irregularities. Merely satisfying the directors does not go far enough.

CARELESS METHODS OF MANUFACTURERS

A WESTERN Canadian wholesale grocer makes the claim that some manufacturers are exceedingly careless in methods of shipping goods and sending out invoices and complains that it will be very difficult for our manufacturers to secure export trade unless they adopt systematic methods.

This wholesaler states that a short time ago he purchased a certain quantity of an article from a manufacturer for immediate shipment. In place of shipping immediately the first car was moved out in ten days' time. The entire order was not included in the car. It was short 300 bales, but they were not advised. No invoice came with the shipment, so they were unable to determine exactly what part of the shipment had been made. A wire brought the reply that the shipment of bales had been made later, but no information had previously been sent.

Another quantity of goods was brought from another firm for shipment in a certain car on a certain date. The car arrived without the goods. They were not advised they had not been sent.

Still another firm maintained they were in position to take care of immediate business. An order was placed by the wholesale grocer to be shipped immediately. Nearly a month later after sending one or two wires they found that owing to some broken machinery the shipment was delayed. This made it almost too late for the wholesaler to look for goods elsewhere and as a result his trade was short.

There are some very good points made by this wholesaler, says "Canadian Grocer." It is a fact that many firms in Canada accept orders and hold them indefinitely without any advice to the buyer. This is something in which a little more care should be exercised. It is perhaps the fault of some employee, and a little more of the proper kind of system would readily eliminate it.

BUSINESS PAPERS HELP THE BOOK TRADE

THE New York *Sun* says, "Thanks to that able periodical, the *Publishers' Weekly*, the book shop is a better place than it used to be."

The *Sun* is generally regarded as the brightest daily newspaper in the United States. Its editorial opinions are considered among the strongest. It says that a business newspaper is responsible for the improvement in the way in which booksellers in the United States conduct their business, but M. E. Nichols, Director-General of our National Information Bureau, reported that business papers are of so little value that they should not be admitted to the newspaper mails.

It is well that Parliament should know this. The U.S. National Information Bureau sent fifteen technical paper publishers to tour the British industrial plants. They learned a great deal that they are now publishing of value to the manufacturers and workmen of our competitors in the U.S. They went at the cost of the British Government. Mr. Nichols had an opportunity of sending some of the Canadian technical newspaper editors. Holding the views he does he of course sent none. He thus handicapped Canadian industry.

A GOOD MAN GONE WRONG

IT is sad to reflect how material considerations change the moral viewpoint sometimes. Men who start out with a full outfit of puritanic principles, and with the cry of the Psalmist—"Give me neither poverty nor riches"—on their lips, seem insensibly affected by their environment. We know of no sadder case of this kind than that of Hon. T. A. Crerar, ex-Minister of Agriculture, President of the Grain Growers' trading activities.

In a book recently published, in which the history of the agrarian movement in the Canadian West is dealt with, in a frankly eulogistic spirit, it is related how Mr. Crerar came to be associated with the Grain Growers' Association, almost at its inception; and some of the sentiments he expressed about that time are quoted. He at that time warned his associates in the following solemn words:

"In the mad, debasing struggle for material riches and pleasure, which is so characteristic of our age, we often neglect and let go to decay the finer and higher side of our nature and lose thereby that power of sympathy with our fellows which finds expression in lending them a helping hand, and in helping in every good work which tends to increase human happiness and lessen human misery. In keeping this in view, we keep in mind that high ideal which will make our organization not alone a material success but also a factor in changing those conditions which now tend to stifle the best that is in humanity."

At that time Mr. Crerar had just graduated from a seventy-five dollar a month job, where there may have been ample opportunity for high thinking, but it must have been combined with plain living. It was far below his capabilities, as is evident when we reflect that he is now drawing a salary of fifteen thousand dollars a year from the farmers of the West. So it is fairly evident that "in the mad, debasing struggle for material riches," he has not been left at the post. What the world might be interested in knowing, in a purely academic way, is whether this has created in his case any tendency to "neglect and let go to decay the finer and higher side of his nature?" Has the material success of the Grain Growers had any stifling effect on humanity?

We fear so. The question of dockage was one of those injustices perpetrated on the farmer which drove Mr. Crerar into the movement, and eventually face to face with the debasing spectacle of a fifteen thousand dollar salary. His biographer relates Mr. Crerar's experience with one of those promoters of human misery, the elevator men: "When, with characteristic spirit, he had pointed out the injustice of the price offered, and the dockage taken, the elevator man, quite calmly, told him to go to the devil. . . He was forced to see between twenty-five and thirty bushels out of every one hundred appropriated for dockage. It was hard to forget that kind of treatment."

Mr. Crerar never forgot it. When the time came that he had control of elevators himself, he remembered it with a vengeance. "Dockage" is what creates "overage"; and overage is simply quantities of grain which are improperly and illegally docked or deducted from shipments of grain sent to the elevator. The value of the overages taken by his company in four years, according to figures presented in the House of Commons this spring, was a quarter of a million dollars!

Fortunately, however, the evidence about riches and dockage was given to the world after this book we have referred to was written; otherwise a perfectly good ideal might never have been created.

EDITORIAL NOTES

THE Grain Growers' Guide says that "it is plainly evident that many thousands of people entitled to pay the income tax have not paid it." As only about ten per cent. of those making returns were farmers and but a small portion of them Grain Growers, we would say that the Guide should know.

* * *

JUDGE ROBSON, as head of the Royal Commission inquiring into the causes and effects of the general strike at Winnipeg, has expressed the opinion that labor was justified in striking for the right of collective bargaining. Now if the learned judge will define "collective bargaining" we may be able to get somewhere.

* * *

A WINNIPEG clergyman pleads for the restoration of the striking post office employees to their old positions on the ground, among others, that "the lenient attitude of the Government when the men struck a year ago gave them the idea that they would not be dealt harshly with in the second strike." And, presumably, the lenience he now advocates would be taken as a precedent on a future occasion.

* * *

THOSE who realize the dismal and expensive failure which M. E. Nichols has made of his unnecessary job as director of public information at Ottawa will view with anything but satisfaction his mission to New York to aid in the opening of a Canadian publicity office for furthering our national interests in the United States. Of all the dead publications emanating from Ottawa the Canadian Official Record has been the deadest. If it had any other mission than to provide Nichols with a meal ticket it has not been apparent.

FRANK A. VANDERLIP CONTINUES HIS VIVID SURVEY OF WAR-RIDDEN EUROPE

CHAPTER VIII.

Belgium

Belgium is the most thickly populated country in Europe. Its low-lying fertile fields are cultivated like gardens, its country roads dotted with houses until they look like village streets, and over a large section of the country one is never out of sight of a village or a city.

The Germans did horrible material harm to Belgium, harm that went beyond all military necessity, some of it seemingly done in madness in the early days when Liege, Louvain and Dinant were destroyed. Toward the end of the war theirs was a destruction of Machiavellian cunning, a destruction designed purely to prevent what might be left of Belgian industries from coming into early competition with German production.

The harm that was done in Belgium was by no means entirely material; a harm was done to the moral fibre of her people. Four and a half years of life in a territory occupied by such an enemy, an enemy so ruthless in the early days of the war, was designed to strike terror into every Belgian heart. Four and a half years under such occupation, with the whole normal industrial life disorganized, when the question of securing somehow one's daily bread was the paramount question, and the bread was not to be secured in the sweat of the brow but only by doles and distributions—when that situation has been borne by a people for so long a time an impression of it will be left that no terms that could be written into an armistice will remove. So it is not surprising to find an abnormal social situation in Belgium. And still an observer who looked only at the surface of things would see well tilled fields, and cities presenting a normal external appearance.

One could visit Brussels, Ghent, Bruges or Antwerp and be pardoned if he left Belgium convinced that the war had left no mark and the country was ready to go on with its national life from the point where it was interrupted in 1914. That being so, Americans must be warned against accepting reports of their countrymen indicating a normal state of affairs in Europe, even though a man may say he believes what he sees with his own eyes, and the things that his own eyes actually see are apparently normal occurrences of ordinary life.

Belgium has a population of 7,500,000. I do not know what statistics would give as the number of industrial workers prior to the war, but at a guess, out of this population the industrial workers would not have numbered much over a million. To-day the Government of Belgium is paying weekly unemployment doles to more than 800,000 workers. This is a fair indication of what has happened to one of the most industrious peoples in the world.

But I do not think that this tells the whole story. Outside of the few cotton mills in Ghent, broadly speaking, one might say that the industry of Belgium has ceased. Furthermore the destruction has been so complete that it will be impossible to restart industry in anything like its full momentum for at least three years, if there were not a single financial or political obstacle in the way. Buildings in many cases must first be torn down that they may be rebuilt, for they are shattered beyond usefulness and encumber the ground.

Machinery is in every state of wreckage. A very large part of it is either completely wrecked or has disappeared into German factories. Practically none of this stolen machinery is worth transporting, for it has been none too carefully used, and by the time it is reinstalled it would be in such a condition that the factory equipped with it would be hopelessly handicapped from the first blowing of its whistle.

"Easy" Optimism

Prior to the war, Belgium, to an even greater degree than England, existed as a great factory community, importing most of its raw material, exporting great amounts of finished goods, and paying for imported food by the earnings of its industries. Belgian imports of foodstuffs had an average value of $200,000,000 a year during the years directly preceding the war. The same amount of food would probably now cost nearly double that sum in dollars, while the dollar, which cost approximately five francs in the international exchanges of the normal pre-war days, now costs about six francs and a half. The future relation of the franc to the dollar no one would quite venture to predict. That relation marks the inability to balance import needs with export capacity. The future of the franc is not bright.

An easy optimism is apt to answer to this and to similar cases all over Europe that it will all come right in time, the factories will eventually be restored, the flow of exports resumed, the consumptive demands of the people enlarged, the immediate lack in the unbalanced foreign trade eased and in the end the recovery which an industrious people can show. There is a great deal in that view, and it is a hopeful and sane way of looking at the situation; but it leaves out one extremely important and essential consideration. A normal man needs three meals a day. That need is immediate and he cannot wait for an adjustment which will come "in the long run." It is in the insistance of the human stomach that the possible tragedy to European civilization lies. The human stomach cannot wait.

People must be fed or they die, and the truth is they are dying, dying in some parts of Europe en masse. The figures which show the actual death from starvation would appal America, would shock her into awakening to America's responsibility if they could but be comprehended. Somehow distance dulls the significance of facts. We are told about whole regions starving, but the picture is so unreal viewed from our land of plenty that the horrible truth does not grip us.

If agricultural America could but visualize agricultural Russia, a great grain producing nation which exported half the wheat that was shipped into Europe, now reduced to a point where several hundred thousand people are dying from starvation each month—my warrant for the figures is the greatest food authority in the world—then our people might begin to apprehend the fact that there is something of considerable significance the matter with Europe, something of such far reaching and fundamental importance that the whole fabric of European civilization is in danger. The disorganization of industry, of transportation and of production has so thrown out of balance the intricate machinery of civilization that there is safety nowhere. Every community is depending upon another community, every country is depending upon another country, in this modern mechanism of life which has been so completely thrown out of gear.

Moral Harm to Belgium

Coming back to the consideration of Belgium, I will again emphasize the harm which has been done to the moral fabric of her industrial population. Four and a half years they have lived a disorganized life of semi-idleness. We all know how hard it is to go back to the routine of work after a two weeks' vacation, but it is not easy to picture what happens to a whole people who for more than four years have lived anabnormal social existence. It has been said with a good deal of bitterness that there are Belgians who have lived so long on charity that they have ceased to care for work. Perhaps that is true, and so far as it is true it is in no wise surprising.

The character of these people has borne a great strain, their normal lives have been disorganized for a distressingly long period. Some of them have come to look upon the Government treasury as a bottomless purse and to think they have discovered by experience that legislative enactments rather than work can support a people.

It seems to me that the greatest injury that Belgium has suffered, and God knows the total list is an unparalleled one, is in the deterioration of the moral fibre of her common people. How quickly that can be rebuilt no one can say. The inherent desire to right wrong tendencies in humanity is unmeasurable. For the moment the human problem is one of the greatest factor in the rehabilitation of Belgium.

The situation in Belgium is by no means all black, however. If by a brief contact with officials one may be permitted to make comparative estimates I would say that the Government of Belgium is in strong, capable, patriotic hands. To the modesty, seriousness and ability of the Belgian monarch half the world has done tribute. The present Prime Minister and Minister of Finance, M. Delacroix, struck me as the peer of any continental statesman I met. M. Jaspar, Minister of Economic Affairs, is a man of deep understanding and patriotic determination, with a weariness in his tired eyes that tells of national service the personal cost of which was not counted.

Belgium has a further great asset in her business men. Some of them have gone far afield to create markets for Belgian industries. In times past the securities on the Belgian stock exchange indicated the investment of Belgian funds and the use of Belgian machinery and products in enterprises that are located around the world. It struck me that Belgium offered an opportunity for partnership with America that would be profitable to both partners.

CHAPTER IX.

The International Scale Pans

Commercial life is confronted with a new factor with which it must cope—the fluctuation of international exchange. The fluctuation of exchange, of course, is nothing new in itself.

Continued on page 11.

PERSONALS

SIR FREDERICK WILLIAMS-TAYLOR, general manager of the Bank of Montreal, is making a tour of inspection of Western Canada in the interests of the bank.

G. T. MILNE, His Majesty's senior trade commissioner for Canada and Newfoundland, who is being transferred to the commercial diplomatic service, and expects to leave shortly for Havana, Cuba, to take up his duties as commercial secretary of the British Legation there, arrived in Canada last year from Australia, where he held the office of British trade commissioner for five years. Previous to that appointment he had for many years been connected, both officially and unofficially with the Latin-American countries.

COMMANDER THOMAS FISHER, R.N., who has been appointed general manager of the Atlantic lines of the Canadian Pacific Ocean Services, was born in Birmingham in 1883, and was trained on the "Britannia" at Dartmouth. He was in China during the Boxer rebellion. In 1912 he took the staff course inaugurated by Mr. Churchill at the Admiralty. He served in various capacities afloat during the early days of the war, and in the winter of 1914, he joined the Trade Division of the Naval War Staff at the Admiralty, taking charge of the department dealing with neutral shipping. Commander Fisher succeeded Sir Thomas Royden as liaison officer between the Ministry of Shipping and the United States Shipping Board about two years ago.

SIR WILLIAM OSLER, on the occasion of his recent seventieth birthday, was presented by his pupils and colleagues in London, with an Anniversary Book in celebration of the event. The volume has as frontispiece a steel engraving of Sir William Osler, and its "make up" reproduces as nearly as possible the printer's and binder's arts of the fifteenth century. The letterpress was contributed by a number of distinguished scientists and medical men, among them Sir T. Clifford Allbutt, Dr. T. Dyke Acland, Dr. J. G. Adami, Sir Bertrand Dawson, Sir Walter Morley Fletcher, Sir James Galloway, Sir A. E. Garrod, Sir Auckland Geddes, Sir Andrew Macphail, Sir Humphrey Davy Rolleston, and Dr. C. S. Sherrington. The presentation was made by Sir Clifford Allbutt at the Royal Society of Medicine.

FRANK A. VANDERLIP, who recently retired from the presidency of the National City Bank of New York, and whose "What Happened to Europe" is now attracting so much attention in America, was eleventh in line of presidents, a line which had its beginning with the election, June 16, 1812, of Colonel Samuel Osgood, who had been a distinguished revolutionary soldier under George Washington and served under President Washington as the first Postmaster-General of the United States. The "City of New York" was organized under a state charter by Colonel Osgood and associates to succeed to the business of the New York branch of the first Bank of the United States, when the latter institution was forced into liquidation by the failure of Congress to renew its charter in 1811. The "City Bank of New York" did business under a state charter until the National Banking system was organized, when in order to co-operate fully with the Government at Washington it joined the national system, as the National City Bank of New York.

CYRUS H. K. CURTIS, owner of the *Saturday Evening Post* and Philadelphia *Public Ledger*, who is now sending an expert writer on business to Latin America to report on opportunities for American manufacturers, is described by B. C. Forbes as a veritable dynamo of energy. Not content with having built up the *Post* to the largest circulation ever attained by any periodical, he is now determined to make the *Ledger* the foremost business daily in the United States. The busines editor of the *Ledger*, Richard Spillane, in chatting over things the other day, remarked that Mr. Curtis was the best business reporter on the paper's staff, that he was constantly furnishing valuable "tips" for scoops and also exclusive articles. Moreover, whenever Mr. Curtis visited other cities he was always ready to respond to instructions that he make it his business to hunt around and pick out the best qualified business writer in the city to act as special correspondent for the 'Ledger.' Mr. Curtis, in this respect, is like Lord Northcliffe, king of British publishers. He, too, is the most valuable reporter the London *Times* has. Both these giants early conceived big ambitions and never let up in achieving them. Mr. Curtis once told me that he was a mere youth when he got the idea which later boomed the *Post*. He read a fiction story which described in realistic fashion the career of a young man who accomplished brilliant things in the business world and it took such a grip upon him that he said to himself, "If this kind of a story takes such a hold of me, it will have a similar grip upon others. When I become a publisher I am going to feature just such stories." And he did, with such success that the *Saturday Evening Post* to-day has over 2,000,000 circulation and is more profitable than a gold mine. It has a long waiting list for admission to its advertising pages.

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SIR EDWARD HOLDEN—THE GREATEST OF THE BANKERS

An Interesting Sketch of the Uphill Career of the Late Head of the Joint City and Midland

Sir Edward Hopkinson Holden, managing director of the London Joint City and Midland Bank, whose death occurred last week in Scotland, after a brief illness, was head of the greatest private financial institution in the world. As a banker he not only promoted the greatest of the British bank mergers, with its assets of over £360,000,000 and deposits of over £330,000,000, but he played an important and useful part in the broad field of Empire finance, particularly during the period of the war. Of his career and success Samuel Crowther has prepared the following article, (written prior to his death), which will appear in System for August:

Here in America we have nothing quite like the London, Joint City, and Midland Bank, the enormously far-reaching institution, which is the strongest private financial power in the world. Neither have we, as far as I know, anyone quite like the man who directs that institution—Sir Edward E. Holden, Bart. The bank is organized on a basis very different from our own and so is the man. Both the bank and the man are interesting—in themselves and also because they are different.

Sir Edward started comparatively poor—thus giving the lie to the notion that the poor boy has no chance abroad. In banking particularly, the poor boy and the clerk have splendid chances abroad, for financial skill there is much more highly prized than it is here.

He started at the bottom and created the institution which he now controls. He is very near to being absolute monarch about the premises—he's inclined to be the steam roller type of monarch. He gets his results with a great deal of effort—and some casualties.

In the American sense the institution is not a bank at all, but rather a collection of banks under a single management. It is not one big bank with a number of branches; there is really no central bank—the centre is a bookkeeping department. The head office is where the chairman or president takes up his quarters; it is a control station.

The London, Joint City, and Midland has some 1,200 offices all over England. But it has opened few of these on its own account; most of them were at one time independent banks, which either joined directly with Sir Edward or first entered some other combination to be absorbed later by the big merger. Sir Edward seldom, if ever, closes any of the offices of the purchased banks. And so in London one is able to find them almost within a stone's throw of one another in mostly all of the congested districts.

It is just as though a bank were to have a branch doing business at Broadway and Wall, another at Broad and Wall and a third at Wall and William.

The English thought in bank mergers is to gain financial power rather than materially to cut the operating expenses. The resources of the Holden chain may be judged from the fact that it has deposits of more than $1,500,000,000—by all odds the largest private bank in the world.

But now to the man himself. I talked with Sir Edward in the little dining-room of that section of the third floor of Number 5 Threadneedle Street which he makes his own, right across the street from the Bank of England—that grim, squat, "Old Lady of Threadneedle Street," where centres the tremendous financial power of the British Empire.

Sir Edward has an office, but he prefers to use several rooms; and the luncheon room with a blazing fire is a favorite. This room is far removed from the popular idea of a banker's office. In size it is only a box, for space is precious in the "City," but the chairs are big and comfortable and the rush and bustle of the street below seem far away.

And Sir Edward seemed for the moment rather detached from commerce; a chunky man with a ruddy face that heightens the snow-white rather thin hair, he wore a brown Prince Albert with trousers of the same broadcloth, giving that general air of the country gentleman which so many Englishmen have.

But what impressed me most about him was not his person, nor his clothing, nor his surroundings; it was his vast confidence in his bank and in himself and his perfect readiness to go, certain of victory, into a fight.

Be it remembered that Sir Edward was not born into banking with even a silver-plated spoon in his mouth. He fought his way into London from the Midlands, against all the financial odds that could be placed against him. And he has been fighting ever since—now he is fighting the whole British banking system and asking for a new one drawn on the lines of the Federal Reserve Act.

He fought his way into his first job; here is the story, as nearly in his own words as I can remember them.

"A small bank in the Midlands advertised for a manager; I was then an accountant and as poor as a church mouse. I wanted to go into banking and I answered the advertisement along with 300 other young men and old men who thought they, too, might like to manage the bank. I did not ask for the position in my letter, but I said that I would take the place if certain conditions which I would explain orally were complied with.

"It was a piece of cheek on my part and yet I really did not care to start unless I could make a success. And I knew that I must have my own way in order to make a success.

"The directors called me in to see them. I explained that I would consent to manage the bank if I had complete control and was permitted to merge other banks with their institution, so that we might have real financial power. I explained that there could be no money in a small bank—that volume was necessary. Think of a young man who needed a berth dictating how he should be employed!

"They engaged me, and that was the start of our present company. I bought two banks in Leeds almost at once; both banks were eager to sell, but at the same time neither wanted to sell if the other did. So it became necessary for me to work my plans secretly, seeing the one without the knowledge of the other.

"I made my terms and then had the agreements signed within an hour of each other—for if Bank Number 2 had known that Bank Number 1 had sold, it would not have gone on with the sale. They were a surprised lot of directors when they found out what had happened."

It was then that Sir Edward made the resolution that he would buy at least one bank a year as long as he continued in office. He has more than fulfilled his promise to himself; he has not only bought at least one bank a year, but in some years more than a dozen.

The Midland Bank spread all over Great Britain and began to be recognized as a power—but it did not get into London. Metropolitan banking was then very conservative and the directors did not like the idea of Sir Edward with his penchant for publicity and his command of resources; they tried to tie up every institution to keep him out. But at last Sir Edward, after many tries, secured overnight a little bank—one so little that it had not been thought worth while to protect it.

In the morning the city was depressed to hear that, in spite of all that had been done, the Holden bank was in London. They knew too well that one bank was not going to be a meal, but would be somewhat less than an appetizer.

They were right. Within a fortnight another bank had been bought—this one a bit larger than the first. And almost month by month, for a time, the banks kept dropping in until a very respectable-sized chain had been established throughout London.

Most of the purchases he had made to date had then been of banks of moderate size. Sir Edward had not yet bought a great bank. That is what he had entered London for; he wanted to have a chance to shop around.

The result was announced last September when the London City and Midland took into amalgamation the London Joint Stock Bank, which had a capital and reserve fund of more than $22,000,000 and deposits of more than $300,000,000.

Then the opposition to the growing size of Sir Edward's bank reached a head. The London Chamber of Commerce protested; Parliament started an investigation; the drive against chain banking was on.

Sir Edward was ready. He asked leave to appear before the Chamber of Commerce and he stood on the platform talking for nearly three hours.

"When I started to speak," he told me, "I could feel that the entire meeting was against me. When I had finished, they were with me, for I wsa able to show that the amalgamation of banks was the only means by which a sufficient financial power could be drawn together to meet the German trade after the war. I showed how the policy of the world was toward concentration of resources; unless England so concentrated, we should not be able to hold our place in commerce."

Sir Edward did not kill the opposition, but he overcame it. Now the other big banks of London, instead of fighting him, have started on amalgamation campaigns of their own.

But it was only "by a hair" that Sir Edward caught the Joint Stock Bank. He had started negotiations, they had gone forward smoothly enough and then all at once they were off—his opponents had won. He did not give up—he never gives up—but even he, as the bank buyer *par excellence* of the world, did not know how to get back at the subject. And so he let it simmer.

"Several months later," he narrated, "I was going up town on the Tube and I happened to sit beside one of the managers. He seemed dejected; I drew him out and he said that things were not going any too well. 'Why do you not sell to me?' I broke in casually.

"'Is that offer still good?' he inquired.

"I told him that it was.

"That night the most powerful director who had opposed me asked me to meet him at the House of Commons. We made arrangements to have his associates at breakfast the next morning, and over the breakfast table I bought the bank."

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INVESTORS' INQUIRIES

Information under this head is given in answer to direct requests from investors who are readers of THE FINANCIAL POST. Many questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose 3 cents in postage stamps to cover postage on answers direct.

QUEBEC RAILWAY

Mount Joli.—"Can you give me any information about the future of the Quebec Railway, Light, Heat and Power Company. I bought in April, 1917, 100 shares which cost me to-day $3,000. As I am erecting a new building I will need money and at the present price I am not willing to sell unless it is not going to advance at in the near future."

While Quebec Railway stock must be regarded in the speculative class, and you must consider whether you desire to retain an investment of this kind, we are inclined to the opinion that you would not be well advised to sell at this time, although it may require a long hold to return you your full investment. There was considerable fluctuation in the market for this stock connected with rumors about the disposal of the Saguenay line to the Government and your purchase was made at a comparatively high figure. A couple of weeks ago there was considerable interest shown in the stock, and the price moved as high as 20¾, but few sales took place above 20. At the present the market is 19. Although the future of all public utility concerns, and electric railways in particular, is precarious, owing to the high and increasing cost of operation, and the difficulty of securing commensurate income, the public attitude in Quebec is much more favorable than in some other provinces of Canada, and so far as Quebec Railway is concerned the present management is regarded as successful, and there seems to be general satisfaction with the results being obtained. We are informed that the present year so far shows an increase of 25 per cent. over last year's earnings in the city of Quebec and about 40 per cent. on the Montmorency division. Provision has been made to pay the bond interest when it falls due instead of waiting the ninety days as has been the habit in the past. We are informed also that the Kent House Hotel at Montmorency Falls is making a record showing, and that the theatres and other attractions at this resort are also making money. The earnings are said to be approximately 4 per cent. at present, on which basis higher market values would seem to be in order for the near future.

TOOKE BROS.

Sydney—"I hold 25 shares of Tooke Bros. common stock. I note that the market value of this is now around 45. What is the future outlook for this stock and in your opinion will it sell much higher?"

Tooke Bros. common stock has had a somewhat chequered career since the outbreak of the war. For a considerable period it dropped out of the trading when the conditions faced by the company were anything but favorable, but after a readjustment of market values for the company's products, it has been much more attractive, and during the present year has advanced from around 20 to a high point of 48 and fractionally above. The stock is closely held and as it does not enjoy a broad market movements of an erratic character are to be expected. It must be regarded, therefore, as a speculative proposition, and at the present market would show considerable profit as compared with a few weeks ago. However, if you are prepared to hold securities of this class we believe that with expansion of business still higher prices will eventually prevail.

LAURENTIDE POWER

G. H. B., Montreal.—"Will you please give me your opinion of the Laurentide Power stock. Do you regard it as a safe investment?"

The Laurentide Power Co., which is controlled through stock ownership by the Laurentide Pulp and Paper Co., pays a 4 per cent. dividend and is an extremely well managed utility, with a reasonably assured future. It is not listed and does not enjoy a very wide market, and for this reason should be approached carefully by the average investor in order to properly gauge current market values.

BROMPTON

Lennoxville—I have 25 shares of Brompton Pulp & Paper Co. which I bought at 42 1-3. Would you advise selling at present market?

Regarding Brompton Pulp & Paper, we would not advise selling at present price. There is everything to indicate that Brompton has a big future ahead of it. Its three mills in the United States were acquired on very advantageous terms, and in the statement issued for 1918, and the half yearly one sent out a short time ago, none of the earnings of the U.S. mills are included. All those mills work in with the Canadian mills at East Angus, Que., supplying or being supplied with raw materials and making the company to a large extent independent of outside markets. The new newsprint mill, (100 tons a day), has begun operations, and this also will increase Brompton's revenue and profits. An increase in dividend from 5 to 6 per cent. (and more in future) is a question, we believe, only of a short time. In the next few years we believe Brompton Pulp & Paper Co will pay higher dividends, have much larger profits than to-day and sell for a much higher price on the stock exchange.

$3,000 FOR A WIDOW

Deschambault—I have $3,000 which I am proposing to invest for a widow, $1,000 each in Saguenay Pulp — Power bonds; Dandurand Building issue, and Mattagami Pulp & Paper Co. bonds. Wants advice.

While we look favorably in many respects on all three issues which have been reviewed recently in THE FINANCIAL POST, we do not believe that any one of them comes up to the standard that should be set by any trustee who is handling funds for a widow. Only the highest class of securities, commencing with Dominion issues, such as Victory bonds, should be considered.

CURRENT OPINION

Under this heading are published, for the information of our readers, the views of leading newspapers and individuals. Their reproduction does not imply their endorsement. On the contrary, the investigations of THE POST'S editors often lead to entirely different conclusions from those quoted below.

BELMONT SNOBBERY

Forbes Magazine

Raymond Belmont, son of August Belmont, was made to apologize for the impudence offered court authorities when telephone inquiry was made at his office why he had ignored a summons to appear at court to answer to a charge of speeding. Young Belmont explained that be deprecated the insult offered by one of his clerks; yet doubtless the clerk imbibed this snobbish attitude from the Belmonts. I have yet to find a single human being who has a good word to say of August Belmont. Those who know him personally—I do not—declare that he is the most arrogant, purse-proud snob that ever walked in shoe leather. And, heavens knows, the Belmonts have no extraordinary reason to consider themselves so very much better than other people. If August Belmont had been a tremendously brainy business man his connection with the Rothschilds ought to have enabled him to become a very powerful figure in the American financial world. Instead, he cuts no swath to speak of—except that occasionally he is hailed to court to explain some financial manoeuvring in connection with the unsavory history of New York's tractions. When the clerk answered the court authorities as she did, she probably felt that her conduct would make a hit with her snobbish boss.

DECEIVING BY TELLING THE TRUTH

Commercial West.

One of the most dangerous persons is the cunning demagogue, who tells the truth in such a way that wrong conclusions are certain to be drawn. Such rogues are on a par with a pirate who plans a false light along the shore, to lead mariners on to certain shipwreck.

For instance the Federal Trade Commission announces that the big five packers had something like one and a third billion pounds of meat on hand on a certain date. Professional agitators quote this statement along with their cussing about the high cost of living and leave their hearers with the impression that the packers are hoarding vast quantities of meats, thereby boosting the price to the consumer. When it is explained that a billion or more pounds of meat is a supply that will last less than 30 days and that much of it is in process of curing and only a part of that billion pounds is actually available for the market, we realize there was nothing sensational in the original statement, and nothing wrong in the fact that such a vast amount of meat products was in the packing houses.

The packers have kept pace with the growing demands for meat products and have expanded their plants and equipment to meet the requirements of feeding hundreds of millions of people. The only way to do that is to handle the business on a vast scale. If they had failed to expand as they have, then they would be open to censure, but not for keeping a few weeks' supply on hand.

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NEWS OF THE BOND MARKET

SLACKNESS NOW PREVAILS IN THE BOND MARKET

Good Deal of Uncertainty Noted Among Bond Dealers

NEW LOAN PROBLEMS

Many Questions Are Raised as to Terms and Arrangements for New Domestic Loan

It has been a quiet week in the bond market both from the standpoint of purchases and sales. There have been practically no new issues placed in the municipal field, while dealers report general slackness in the retailing of bonds to investors. Apart from the slowing down of business always to be expected at this time of the year, the market is influenced somewhat prejudicially by Government financing both past and prospective. In fact there is a feeling of much uncertainty as to the future and dealers are exercising continued caution in taking on fresh commitments.

With the exception of a $3,000,000 issue to be floated by the province of Ontario a week from Monday, this week's list of tenders wanted is by no means a formidable one. The provincial issue consists of five-year bonds and is accordingly designed for the United States market. Coming out as it does in a slack season and on a demoralized market, its salvation will be due to the abnormal premium on New York funds. A favorable sale can no doubt be arranged across the line under the conditions now prevailing. There will not likely be many more offerings from now until the big loan appears, as the market is by no means in a receptive mood.

Taxable or Tax-exempt

Yesterday's conference at Ottawa between Sir Thomas White and leading bond dealers of the country was an important gathering. The problem of floating the big peace loan is a serious one and there are many difficulties to be solved. For example the taxation question is bound to cause a good deal of discussion. While it has been indicated that the difficulty will be overcome by the putting out of both taxable and tax-free bonds, and while this is likely to be the course pursued, there is yet room and time for a good deal of debate on the question. Among bond dealers interviewed by the FINANCIAL POST, two opinions prevail. There is still to be heard the argument which bore such weight last year that the assurance of the success of the loan demands that the bonds be issued with the exemption privilege. On the other hand, the growing force of public opinion is being recognized and there is a more insistent demand that the tax-free feature should be removed from this and future Dominion loans.

Further weakness in the bonds of previous issues would seem to point to the possibility of more tax-exempt bonds. Were it definitely known that no more bonds of this kind would be available, the effect on the market would naturally be quite the opposite. At least there is uncertainty, and dealers are of the opinion that some early announcement of an official character on this point should be forthcoming. As to the form of organization, there are no two views, as it is pretty clearly recognized that only by co-operation can such a big loan be put over.

Necessary For Credits

There have already been several preliminary announcements of the loan, with intimations of how necessary its successful flotation will be for the maintenance of the country's business. This week Sir Thomas White stated that since September last credits to Great Britain, aggregating $167,000,000, had been furnished by the Government for the purchase of last year's wheat crop. In addition about $25,000,000 had been supplied for the purchase of other foodstuffs and over $12,000,000 for timber.

It was last year's Victory Loan, says Sir Thomas, which enabled Canada to grant the extensive credits necessary for the purchase of these products upon whose sale the prosperity of the entire Dominion, agricultural, industrial, commercial and financial, so largely depends.

The success of the Dominion loan this fall is regarded as of vital importance to Canada to enable her to meet demobilizing expenses and to provide in part the money for the sale of our wheat and other products.

Of the $75,000,000 external loan floated last month in New York, $15,000,000 was issued in the form of 2-year notes and $60,000,000 in 10-year bonds.

For several days after the books were closed no information was given as to the proportion of the loan to be made in notes and that in bonds, but it developed that such information was held up pending ratification by the Canadian Government of the syndicate's suggestion.

An offering of the issue of $865,694.66, 5 per cent., gold bonds of the city of Ottawa, recently purchased by them, was made during the week by Brent, Noxon & Co., and the bond department of the Home Bank of Canada. The bonds are dated July 1, 1919, and mature on July 1 in each of the years 1920-1949, offering investors a wide choice of maturities. In addition bonds may be had in denominations of $1,000, $500 and various odd amounts. The price of offer gives the purchaser a yield of 5.20 per cent. As Ottawa's securities rank high among those of Canadian cities, there should be a ready demand for this offering.

RE-ENTERS BANK FIELD

Lieut.-Col. Ussher, of the 4th C.M.R.'s in Business Again

Lieutenant-Colonel J. F. H. Ussher has re-entered the bond and investment field, having established offices at 807 Royal Bank Building.

Col. Ussher was in charge of the 4th C.M.R.'s up to the battle of Sanctuary Wood, where the Canadians suffered so heavily and where, being completely surrounded and sometimes buried alive, many were taken prisoner, including Colonel Ussher.

Before the war Col. Ussher was senior partner in the firm of Ussher, Playfair and Martens, and later with Ussher, Strathy & Co., his partner in which firm, S. L. Thorne, was killed at the front.

MAY BE PATRIOTIC, BUT IS IT WISE?

Action of Britisher Who Buys War Bonds and Then Cancels Them

Apropos of the case of the British bond buyer who has announced that he will buy $600,000 of the new British loan and then present it to the Government for cancellation, the New York Sun has this comment to make on the proposal,—

"Without questioning his lofty motive, we may remind him and others who might follow his example that if he will be but patient and keep his bonds he will pay into the Treasury, with tax instalments on the amount subscribed, more, much more, than the $600,000 which he now offers to pay in all at once.

"The plain truth is of course that to pay the interest to the patriot on his bonds, if he does keep them, his Government will tax him much more than it gives him in interest.

"The plain truth is that to put into the sinking fund periodic sums to redeem the patriotic's bonds at maturity his Government will tax him much more than the face of the bonds which it will ultimately redeem for him.

"The plain truth is that his Government is a wiser political economist and a sounder financier than he is, in knowing that it will be better for him, better for the Government, better for industry, better for business, better for labor, better for everybody in the country to have the big bondholders cancel their holdings piecemeal—cancel them with their own instalment tax payments—than to knock the bottom out of everything by cancelling the bonds with a single stroke.

"Individuals and institutions possessing enough capital to blot out a Government's vast bond debt with their free contributions could not do such a thing without making havoc of the earnings, the welfare, the very bread and butter of millions of their fellow men. For that capital is now at work in the mills and factories which employ wage earners, on the farms which produce food, in the mines which yield feul and essential metals, in the ships which carry cargoes, in the banks which finance the industries and businesses upon which depends the livelihood of a nation's population.

"That capital could not be abruptly and violently wrenched away from its natural functioning far and wide and swept into the Government's Treasury to wipe out war debts instantaneously without at the same time bringing down, as if with a lightning stroke, in national wreck and popular impoverishment all the plans and all the works of mankind.

'The Bolshevists don't know any better than to do that very thing. They enthusiastically destroy wealth creating agencies with one blow, and that is the end of them for the rich man and for the poor man. The Government of economic wisdom, the Government of common sense, knows that the cow that is killed cannot be milked—that the working capital which can be taxed till doomsday, if only it be kept alive and active, can be made to yield ten thousand times more to a Government as a perpetual source of public revenue than if it were clapped into the Treasury in the forenoon and extinguished before nightfall.

"Flaming Bolshevism, rocking in chaos, cannot comprehend, but the coldly calculating Government, firm on the foundation of reason, knows that national bond issues in large holdings are nothing in the world but deferred taxation on the bondholders themselves. By a levy on capital, or confiscation, or whatever it be called, a Government cannot take thirty or forty billions of dollars from a people in twenty minutes without committing national suicide. So under the guise of borrowing it the Government, with that deferred taxation on the lenders, takes it in twenty years."

THREE TENDERS ONLY FOR ISSUE BY SASKATOON

Some Reason Given Why More Offers Were Not Received

YORATH REPORTS

City Commissioner Gives History of the Offering and Shows Unfavorable Conditions Encountered

SASKATOON.—Only three tenders were received for the city's issue of $238,377.91 debentures, which were offered for sale on July 21. These were submitted by the following bond houses:

Aemilius Jarvis & Co...	91.50	$204,390.79
Hettle-Brennan Co. ..	91.07	203,430.26
C. H. Burgess & Co....	90.54	202,246.64

Reporting to the city council on the sale, C. J. Yorath, city commissioner, stated:

"In accordance with the council's instructions tenders have been invited upon debentures to the value of $238,377.91 and in order that there should be no further delay, as it was anticipated that there was a possibility of the city getting on the market at an unfavorable time, these tenders were required to be delivered the same day that the by-laws were voted upon. This procedure is not very desirable as it means that the debentures cannot be ready until some time after a tender has been accepted. This was the only course (on account of the delay occasioned by the Local Government Board) left open to the city if any of the work was to be carried out this year.

"As the one man street car by-law was turned down by the ratepayers, the $15,000 debentures covered by by-law No. 1175 have not been included in the above statement.

"The Council may be interested in knowing the reasons why other financial houses in the East did not submit a quotation.

"G. A. Stimson & Co., Toronto: 'Vacation period already started and market not favorable.'

"A. E. Ames & Co., Toronto: 'Bonds dated the 1st October and not ready for immediate delivery.'

"Brent Noxon & Co., Toronto: 'Bonds dated 1st October and not ready for immediate delivery and market unfavorable on account of pending Dominion loan.'

"Wood, Gundy & Co.: 'As you know the bond buying begins to fall off towards the end of July and this year, owing to the very warm weather of June and this far this month, vacation seems to have commenced earlier, and this, together with the effect of the recent Canadian loan in New York offered on such favorable terms has apparently caused everyone to feel that there cannot be much lost through holding off any possible investing.'

"Wood, Gundy amongst other reasons also state that the fact that the School Board intends to make an issue of $175,000 within the next two or three weeks makes them a little chary about bidding.

"The Council will therefore realize that through no fault of its own, it has been forced on to the market at the most unfavorable time. which means having regard to the price obtained by the city of Moose Jaw for its debentures some time ago that the city will lose if it accepts one of the above tenders approximately $12,000.

"The Council's attention is again drawn to the fact that the School Board, carrying on its financing separate and distinct from the city, is not in the best interest of the city as a whole."

The council accepted the tender submitted by Aemilius Jarvis & Co.

The council was agreed that the city had been caught in an unfavorable position between the delays occasioned by the local Government Board and the necessity of selling the debentures immediately, if the work for which their sale was authorized was to be undertaken this year. The suggestion that only so much of the loan be raised at this time as was absolutely essential and that the balance be floated at a later and more propitious time was found to be impracticable as the tenders called for "all or none." There was some disposition on the part of the aldermen to turn down the whole matter at this time and wait, until Commissioner Yorath pointed out that unless the debentures under by-law 712 and by-law 723, which were passed last year, were sold before August 18 and November 3 respectively, they would require special acts, as the by-laws would have expired.

Mr. J. O. Hettle appeared before the council and stated that he was certain that a loan could be floated locally sufficient to cover the amount absolutely necessary to keep the wheels turning for the time being. This amount, Commissioner Yorath stated, was $106,494.

Jarvis Bid Accepted

The council came to the conclusion that to accept Mr. Hettle's very favorable offer to buy the debentures to this amount would leave it still with the question of the remaining debentures unsettled. It was, therefore, voted to accept the bid of Messrs. Aemilius Jarvis & Co., less the $15,000 debentures which failed of authorization when by-law No. 1169 was defeated at the polls yesterday.

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In May 900 charters were filed in the principal States of the U.S. with an authorized capital of $748,683,500, the highest total of any single month except February, 1901, when the United States Steel Corporation was formed with a capital of $950,000,000, according to a compilation of

FIELD OF MUNICIPAL FINANCE

MAKE MATURITIES OF LOANS AS SHORT AS IT IS POSSIBLE

Finance Commissioner Bradshaw Enunciates a Sound Principle

TERMS TOO LONG

Tendency Has Been to Load Debts on the Next Generation, Which is a Pernicious Idea

Some reference was made in last week's issue of the FINANCIAL POST to certain principles of municipal finance laid down by Thomas Bradshaw, finance commissioner of Toronto, in his annual report on the city's funded debt and sinking fund. These principles applied to the method of sale of debenture issues and the method of repaying the debts incurred. In the first instance Mr. Bradshaw supported the principle of the sale by public tender and in the second recommended the use of the instalment type of bond.

Continuing the consideration of Mr. Bradshaw's report, some useful comments are made on the period of loans. It is contended that too long terms have frequently been allowed, thus carrying the debt far beyond the life-time of the work for which it was created.

"It would appear that in the past the tendency has been to borrow for as long a time as possible, a widespread fallacy existing that the next generation should be made to pay as much as possible for undertakings carried out by that of the present, and ignoring entirely the principle that no loan should be for a greater length of time than the probable period of the usefulness of the work or improvement. As a consequence, there is often imposed upon posterity the payment of debts incurred for services or works which do not exist, are worn out, or have become obsolete. At the root of this false principle is the desire to escape, for the present, the just and equitable tax associated with capital expenditure; and those advocating it well know that the longer the period for which loans can be effected the lighter will be the immediate debt charges. They do not, however, point out that such a course must, inevitably, lead to an increased tax rate in the future, for under such circumstances taxpayers are often compelled to pay at the same time for a service which no longer exists, and for one which has replaced it. While the Municipal Act states the maximum time for which debentures may be issued for different improvements, yet in the interest of good government the term should be made as short as possible, and never for a period extending beyond the lifetime of the work."

After referring to a special investigation of the term of loans, which was made in the case of Toronto's debt, Mr. Bradshaw says:

"The dominant principle which appears to have prevailed was the desire to remove the time for the payment of the debt as far into the future as possible, and a few examples, chosen from individual issues, will serve to amply substantiate this connection. Debentures for equipment for the abattoir have been issued, to run for 33 and 35 years; for bonuses to railways, 40 years; for bridges, 39 years; for exhibition buildings, 40 years; for fire halls, 40 years; for highway improvements, 30 years; for hospital and charitable grants, 40 years; and for public schools, 40 years. What has been the result? Certain of the borrowed capital upon which the taxpayers of to-day are still paying debt charges through the tax rate represents no value or assets whatever to them. In some cases they are actually compelled to meet two sets of debt charges for one service, namely, that for the original work, now non-existent, and that for the one which replaced it, and the object of specially directing attention to the subject, at the present time, is to prevent, if possible, the repetition of this unsound practice."

A GOOD RECORD

Brantford Collects Over Sixty Per Cent. of its First Taxes

Out of a total tax roll for 1919 of $728,600, the city of Brantford has already collected $431,812, or practically 60 per cent. The taxes in Brantford are divided into two equal instalments, half payable on July 5 and half on October 5. The amount received in the first payment is therefore ten per cent. in excess of the sum due on that date.

INCOME EXEMPTIONS

Increases Will Not Reduce the Total Assessment

Increases in the exemptions on income assessment in Toronto go into effect this year, and the assessors are making out their lists accordingly. The total decrease in income assessment over the whole city as a result of the larger exemption will be approximately $1,700,000. Married men get exemption up to $1,700, instead of $1,500 as formerly, and single men $700, instead of $600. This year's taxes are not affected by the change, however, as they are based on last year's assessment, and taxes on this year's assessment are not paid until next year.

The increased exemptions are not going to diminish the amount of taxes paid on income, however. Assessment Department officials point out that throughout the city they find a general increase in the incomes of both married and single men that will more than offset the higher exemption. The figures for the wards of the city where the assessment has been completed all show an increase in income assessment, despite increased exemptions.

REFORMS NOTED

Toronto's Bureau of Municipal Research Commends Changes

In transmitting its analysis of the city budget for 1919, the Toronto Bureau of Municipal Research refers in a commendatory way to the various reforms that have been made in the city's financial methods. Among other matters the earlier preparation of the estimates and the consequent earlier date for the first payment of taxes are favorably commented upon. It is shown that whereas in 1916 the estimates were passed on May 13, by 1919 they were passed on March 31, while in the same period the date for payment of the first instalment of taxes was brought back from July 21 to June 6.

"The citizens may expect with confidence," declares the bureau, "that in the near future, the passing of the annual estimates by the end of January, and the setting of the time for the first instalment of taxes not later than the first of March. Operating without a definite plan and financing by money borrowed in anticipation of taxes are practices which, in the interests of the citizens, should be reduced to a minimum."

Money By-laws

Those investors who wish to keep in touch with the municipal bond market will find this department useful. It aims to be accurate and convenient. THE FINANCIAL POST makes a specialty of municipal bond news. Municipalities will find it to their advantage to send in direct news of contemplated bond issues.

TENDERS WANTED

August 2, Dundas.—$55,995.50, 5½ per cent., 30-instalment sewerage debentures of the town of Dundas.—John S. Fry, Dundas, Ont.

August 11, Province of Ontario.—$3,000,000 in five-year 5½ per cent. gold bonds, dated August 15, 1919.—Hon. T. W. McGarry, Provincial Treasurer.

Aug. 4, Pictou County, N.S.—$100,000 twenty-year 5½ per cent. debentures for county asylum.—William Cameron, Municipal Clerk, Pictou, N.S. (See announcement, page 13.)

Aug. 2, North Bay.—$63,000 in 6 per cent. debentures of the town of North Bay. (Full particulars on page 13.)

Aug. 4, Charlottenburgh Township.—$30,000 5½ per cent. 20-instalment bonds.—George E. Watson, Township Clerk, Williamstown, Ont. (See announcement on page 8.)

Aug. 15, Lancaster Township.—$100,000 5½ per cent. 25-year serial debentures of the township of Lancaster.

August 9, Medicine Hat.—$132,253 in 5 and 6 per cent. debentures of varying maturities, all being sinking fund.—G. E. Baskie, City Treasurer. (Full particulars in adjoining column.)

Aug. 2, Scarboro Township.—$40,000 6 per cent. 25-instalment and $25,000 6 per cent. 30-instalment bonds.

Aug. 2, Drumheller Municipal Hospital District.—$50,000 7 per cent. 20-instalment debentures.—Harold A. Brown, Secretary-Treasurer, Drumheller, Alta.

Aug. 2, Grantham Township.—$3,500 5½ per cent. 20-instalment hydro-electric debentures.

Aug. 5, York Township.—$10,000 6 per cent. 20-instalment debentures.

Aug. 22, Kenora.—$10,000 5½ per cent. 15-instalment debentures.

BY-LAWS PASSED OR DEFEATED

Carleton County.—$10,000 for bridge in Township of Gloucester, passed by Council June 20; registered July 8.

Mimico.—$55,000 for addition to public school, passed by council July 7; registered July 10.

BY-LAWS TO BE VOTED ON

Aug. 5, Hawkesbury, Ont.—$95,000 to permanently improve certain streets. Debentures to be issued at 6 per cent. in twenty instalments.

DEBENTURE NOTES

Fort William.—The Fort William council has passed a by-law to raise $75,000 by sale of debentures as a nucleus for a larger sum of $250,000, for the purpose of erecting a memorial hall to the men who have fallen in the war and a number of other classes of war workers, on McKellar Park, the purchase of which was recommended by the special committee appointed for the purpose. The proposal submitted by the committee is that the city pass a by-law for the sum of $75,000 and purchase McKellar Park for the sum of $22,500, leaving the balance of the money for the building. That a campaign be put on in September to raise an additional sum of $175,000 by public subscription, and when this is done, that a memorial hall be built.

Brampton.—$17,000 Brampton bonds have been purchased by a firm of Toronto brokers, who have placed them in the hands of Robert Crawford, county treasurer, for sale. The bonds will be ready on August 1st, and applications should be filed at once.

Fort William.—A by-law providing for the raising of $75,000 for a war memorial will be submitted to the people.

Brantford.—The City Council will be asked to refuse to give a third reading to the by-law guaranteeing the bonds of the Industrial Realty Company to the extent of $400,000, the Machinists' Union taking the stand that the majority of 110 for the by-law was a petty one, and that only one-quarter of the ratepayers voted, and many who did vote exercised their plural voting power.

Stratford.—A by-law will be submitted to the ratepayers in January for the purpose of raising $15,000 for the purchase of the Arlington Hotel property as a home for the G.W.V.A. and also $10,000 for furnishings.

Verdun.—$240,000 to provide for addition to filtration plant and for a supply main, defeated by 24 representing a property valuation of $137,190 to 99, representing $1,028,375; $150,000 for electric generating plant defeated by 21 representing $119,480 to 100 representing $1,032,635; $100,000 for incinerator plant defeated by 21 representing $121,430 to 100 representing $1,032,635. Voting started July 18 and closed July 22.

SASKATCHEWAN

The following is a list of authorizations granted by the local Government Board from July 14 to July 19:

School Districts.—xEdgeley, $4,000; xRugby, $900; xTurtleford, $1,500; Ormsby, $2,000; Asquith, $9,000; Metropole, $1,500; White Cap, $2,500; xKatepwe, $5,700.

Rural Telephone Companies — High Bluff, $23,600; Guernsey, $14,200.

Village—Riverhurst, $3,000.

xBeing sold by Local Government Board.

Following reported sold July 14 to July 19:

School Districts.—Asquith, $9,000, to T. K. McCollum, Saskatoon, Sask.; Brooksdale, $3,000 to Band & Debenture Corp., Winnipeg.

Rural Telephones.—LeRoss, $13,000, Dunblane, $18,800, Bergthal, $3,125, to W. L. McKinnon & Co., Regina; McGee, $7,300, to Harris-Read & Co., Regina; Power Mine, $2,750, to W. L. McKinnon & Co., Regina; South Flaxcombe, $800, to Harris-Read & Co., Regina; Cloverley, $18,600 to Pirt &Pirt, Regina ,Sask.; Hillside, $1,500, Tyvan, $2,200, to W. L. McKinnon & Co., Regina.

BOND SALES

$500 Asbestos at 78¼; $1,000 Can. Locomotive at 95; $500 Can. Cons. Rubber at 96; $3,000 Can. Cement at 100½; $1,000 Carriage Factories at 89¾; $3,000 Electrical Develop. at 91; $6,000 Dom. Textile (C) at 99½; $1,800 Montreal Trams, debs., at 70¼ to 69½; $3,900 Montreal at 102 to 100; $1,000 Ogilvie Fuour (C) at 102½; $500 Porto Rico at 80; $2,000 Quebec Rly. at 67; $2,000 Span. River at 105½; $2,500 Steel of Can. at 99¾ to 99½; $5,000 Wabasso at 89; $15,000 West Kootenay Pr. at 100; $2,400 Wayagamack at 88 to 87; $302,950 Victory Loan (1922) at 100½ to 99¾; $877,200 (1923) at 100⅝ to 99¾; $120,950 (1927) at 102 to 100; $797,400 (1933) at 104⅜ to 102¼; $170,250 (1937) at 105¾ to 104½; $56,900 War Loan (1925) at 99¼ to 96½; $33,300 (1931) at 99 to 97¾; $36,800 (1937) at 100¾ to 99.

Belleville's tax rate this year will be 38.3 mills, as compared with 35.1 mills last year. The increase is in the general and high school rates.

Sault Ste. Marie's tax rate has been struck at 35 mills, which is 6 mills higher than last year.

Route Your Shipments
CANADIAN NATIONAL

TENDERS FOR DEBENTURES

County of Pictou,

Province of Nova Scotia

SEALED tenders, marked "Tender for Debentures," will be received by the undersigned up to five o'clock p.m., August 4th, 1919, for $100,000.00 twenty-year five and one-half per cent. debentures, or any part thereof, interest payable semi-annually, issued on sinking fund plan, for the purpose of erecting a County Asylum. No tender necessarily accepted.

WILLIAM CAMERON,
Municipal Clerk.
Drawer 667, Pictou, N.S.

Dated Pictou, N.S., July 15, 1919.

City of St. Boniface

Notice to Holders of 5% Treasury Notes of the City of St. Boniface, Due July 2nd, 1920.

Treasury Notes of the City of St. Boniface Nos. 1 to 100, under By-law 1128 and Nos. 1 to 100 under By-law 1129, due 2nd day of July, 1920, will be redeemed at part and accrued interest if presented for payment at Toronto, Ont.; Montreal, Que., or Winnipeg or St. Boniface, Man.

JOS. C. DUSSAULT,
Treasurer.

Weekly Record of Government and Municipal Bond Sales

Date.	Place and Purpose.	Purchaser.	Rate.	Term.	Amount.	Price.	Basis.
July 19	Saskatchewan, schools	Various (see list above)		....	$12,000	.....	....
July 19	Saskatchewan, phones	Various (see list above)		....	68,075	.....	....
July 20	Mount Royal, P.Q.	Credit Canada, Montreal	5%	1944	50,000	87.14	....

Whalen Pulp and Paper Mills, Limited
6% FIRST MORTGAGE AND REFUNDING MORTGAGE SERIAL GOLD BONDS
We have purchased a large amount of these bonds, maturing serially May 1st, 1924 to 1932 inclusive, and consider them one of the best secured bonds on the market.
Denominations $1000 and $500
Interest Payable 1st November and 1st May
Principal and interest payable in gold at Montreal, Toronto, New York or Chicago.
Prospectus mailed on request.
PRICE: Rate to yield 6¾%
W. A. MacKenzie & Company
Investment Securities
Toronto - - - - - Canada

OUR BUSINESS
"Believing that Trust Companies created for the administration of trusts and estates should practically last forever, the Board of this Corporation have laid down the principle, and have acted on it since its inception (in 1882), that we shall exclusively confine ourselves to a trust and agency business."
General Manager at Annual Meeting of Shareholders.
THE
TORONTO GENERAL TRUSTS
CORPORATION
Head Office, 83 Bay Street, Toronto
Branches at Ottawa, Winnipeg, Saskatoon, and Vancouver

McDougall & Cowans
(Members Montreal Stock Exchange)
93-95 NOTRE DAME STREET WEST, MONTREAL
Branch Offices:
Quebec — Toronto — Ottawa — St. John — Winnipeg — Halifax
Connected by Private Wire

WE OWN AND OFFER
$250,000
ALLIED PACKERS
Incorporated
6%
Convertible Gold Bonds
Due July 1st, 1939
at 98½ and Interest
A Bond with excellent security and considerable prospect of appreciation in value through the conversion privilege.
Particulars on Application
R. A. DALY & CO.
BANK OF TORONTO BUILDING
TORONTO

HIGH GRADE PULP AND POWER ISSUE
6½%
SERIAL SECURED GOLD BONDS
SAGUENAY PULP AND POWER COMPANY
Maturing from July 1921 to July 1934
PRICE: Par and Interest
BEAUSOLEIL LIMITED
112 St. James St. (Canadian Investment Securities) Montreal

Business Founded in 1795
AMERICAN BANK NOTE COMPANY
(Incorporated by Act of the Parliament of Canada)
BANK NOTES, BONDS, STOCK CERTIFICATES, CHEQUES AND OTHER MONETARY DOCUMENTS
SPECIAL FACILITIES FOR THE PREPARATION OF MUNICIPAL DEBENTURES
HEAD OFFICE and WORKS
OTTAWA
Branches:
TORONTO MONTREAL WINNIPEG

The Future of Your Children
Yes, and your children's children, perhaps, rests with you. A defective Will may deprive them of their just rights and even the necessities of existence.
Appoint a corporation as your executor and ensure an honest and highly capable administration of your estate.
Consultation Freely Invited.
Write to-day for particulars
MERCANTILE TRUST COMPANY
of CANADA Limited
HAMILTON - ONTARIO
Cyrus A. Birge, President
S. C. Macdonald, Manager
Major Henry L. Roberts, Vice-President
Jas. Turnbull, Vice-President

SIZE, STRENGTH, LIBERALITY

The Sun Life Assurance Company of Canada, with over $340,000,000 of business in force, has all the advantages that size can bring to a life company.

With assets of over $97,000,000 and surplus of over $8,000,000 it has decided strength and safety.

Its policy, conditions and dividend record have earned for it an enviable reputation for liberality, while its record for fair dealing is unexcelled.

For information as to contracts, communicate with the nearest Division office, or with the Company's Head Office in Montreal.

SUN LIFE ASSURANCE COMPANY OF CANADA
HEAD OFFICE—MONTREAL
T. B. MACAULAY, President

BRITISH COLONIAL
FIRE INSURANCE COMPANY
MONTREAL
Authorized Capital - - $2,000,000.00
Subscribed Capital - - 1,000,000.00
Paid-up Capital - - 247,015.79
General Fire Insurance Business Transacted
Theodore Meunier, Manager

The Independent Order of Foresters

Furnishes a Complete System of Insurance

Policies issued by the Society are for the protection of your Family and cannot be bought, sold or pledged.

Benefits are payable to the Beneficiary in case of death, or to the member in case of his total disability, or to the member on attaining seventy years of age.

Policies issued from $500 to $5,000. For further information and literature, apply to

Benefits Paid 63 Million Dollars

FRED J. DARCH, Secretary
W. H. HUNTER, President
S. H. PIPE, F.A.S., A.I.A., Actuary
HEAD OFFICE - - - TORONTO

Why the "MUTUAL LIFE of Canada" is so Popular

The Mutual placed upon its books in the first five months of 1919, 100% more business than in the corresponding months of 1918. The wonderful war-record of the Mutual Life and the prompt payment of the many unexpected claims during the recent epidemic—these have proved the value of the institution. The Mutual, moreover, is in a peculiar sense a people's company being in its control democratic, in its economy strictly co-operative. This means that the system is in line with the "Spirit of the Age" and so the people naturally turn to the Mutual. The record of the company for nearly half a century has been one of increasing beneficence, and an ever-growing number of gratified policy-holders help on the good work of the agents. As a result there probably is not a more prosperous group of workers in Canada to-day than the representatives of our company.

"BE A MUTUALIST!"

THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA
WATERLOO : : ONTARIO

5½% INTEREST RETURN

INVEST YOUR SAVINGS
In a 5½% DEBENTURE of
The Great West Permanent Loan Co.

SECURITY
Paid-up Capital $2,412,578.81
Reserves 964,459.39
Assets 7,086,695.54

HEAD OFFICE, WINNIPEG
BRANCHES: Toronto, Regina, Calgary, Edmonton, Vancouver, Victoria, Edinburgh, Scotland.

THE CANADA NATIONAL FIRE INSURANCE COMPANY
HEAD OFFICE: WINNIPEG, MAN.
TOTAL ASSETS $2,468,523.08
A Canadian Company Investing its Funds in Canada
APPLICATION FOR AGENCIES INVITED
TORONTO: 20 KING ST. W. Lyon & Knowland, Agents

DO NOT DELAY

While your mind is alert and active is the time to make your Will. Do not wait until you think you are going to die. Consider now how your Estate will be distributed and managed. Confidential discussion of this matter is invited without obligation or charge.

MONTREAL TRUST COMPANY
Sir Herbert S. Holt, President A. J. Brown, K.C., Vice-Pres.
TORONTO OFFICE: 61 YONGE STREET
J. F. HOBKIRK, MANAGER

REAL ESTATE AND INSURANCE

UNITED STATES PUTTING TAX ON FOREIGN POLICIES

Where Insurance is Written by Unauthorized Companies

WAR REVENUE LAW

Insured and Broker Are Equally Liable for Affixing and Cancelling War Tax Stamps

WASHINGTON.—The stamp tax obligations on unauthorized insurance, that is insurance in companies not legally admitted by the States, as provided for in the Federal war revenue war law, are now going to be enforced and the provisions for their enforcement have been formulated in instructions just issued by the Treasury Department.

Under the provisions of this section of the war revenue law insurance policies of unauthorized foreign companies, or evidence of agreement as to such insurance, are subject to a tax of 3% of the amount of the premium therefor, and those who evade the stamp tax requirements as to such insurance are subject to the heavy penalties prescribed in the law.

The new regulations for the collection of this tax, just issued by the Treasury Department, show that property owners in this country who have in their possession unauthorized insurance covering marine, transportation, fire, tornado, windstorm, bombardment, invasion, insurrection or riot hazards, must have the stamps specified under the law affixed to the policy if it was issued subsequent to April 1, 1919. The broker or agent issuing the policy or negotiating the insurance is held equally liable for the proper affixing and cancellation of the required amount of stamps.

War Revenue Law

The Treasury Department in its regulation, which is addressed to collectors of internal revenue and others concerned, recites subdivision 15, schedule A, title XI, of the war revenue law and then gives definitions of the terms used. Some of these are of vital interest, as they clarify and broaden the scope of the application of the stamp tax regulations. While the regulations specifically except stamp tax requirements for unauthorized insurance covering on commodities actually in process of exportation, it provides that where property insured is both for export and non-export the collection of the stamp tax will be enforced.

The regulations require that the first instrument that creates or confirms a contract of insurance in a foreign company shall be required to be stamped. The regulations do not use the words "insurance company," but use the term "insurer," and defines that to include any person, copartnership, association or corporation. This would include Lloyds, London, policies, or the evidence of their having been efected. While the stamp tax regulations do not apply to foreign property, they specifically set forth that insurance on vessels, barges or similar moveable property owned within the United States, which has been placed within unadmitted foreign insurers, shall be subject to the tax, and that the nation or registry of a vessel shall have no bearing.

INSPECTOR FOR B. C.

Appointment Made by the General Accident Assurance Co.

D. Stuart Macleod has been appointed by the General Accident Assurance Co., of Canada, as inspector for British Columbia, with headquarters at Vancouver. Mr. Macleod was latterly with Johnson & Higgins in New York, and previously inspector for the London & Lancashire Guarantee & Accident Co., in Montreal.

THE CALGARY CONVENTION

Fine Program Has Been Prepared for This Gathering

The life underwriters of Alberta have enthusiastically set themselves the task of making the coming Calgary convention of the Life Underwriters' Association of Canada, the best of the many successful gatherings of the kind already held. A splendid program of addresses has been arranged and there will be debates and discussion relative to the numerous subjects of vital interest to the underwriter who is anxious to improve his methods of salesmanship and service.

Recreation will be a strong feature, one afternoon and three evenings being in the hands of the entertainment committee. Diversions of a typical western character are promised. If elaborate preparation counts for anything, this 1919 convention should be intensely interesting from start to finish.

An added attraction might be mentioned in the Calgary Victory Stampede, during the week following the L.U.A.C. convention. This is expected to surpass the 1912 stampede, remembered by many, and will hold many life men over for a few days. Banff and Lake Louise will no doubt attract many for the week-end following the convention.

As this will be the first after-the-war gathering of life men, an unusually large attendance is expected, especially of western men. The convention dates are August 19-22.

LACK OF PURCHASERS

Toronto Housing Commission Finds Difficulty in Selling Houses

It is a matter of some surprise that the Toronto Housing Commission should be experiencing difficulty in securing purchases for all the houses it is building.

Since opening its office on May 19, the Commission has arrived at a stage where 200 of its houses are under construction, of which sufficient will be completed before the middle of November to fill all applications on which deposits have been paid up to the present. The completion of the balance will continue through the winter months, and the majority of them will probably be ready for occupation during the early part of the winter. The first group of fourteen houses on Coxwell Avenue are already in the final stages of construction.

In view of the assurance that the houses are to be sold at cost on terms which, after payment of the first instalment, are lower than the average rental for houses of this type, and that their construction is to be both substantial and attractive, officials of the commission find it difficult to explain this situation. For the six-roomed houses which have thus far been started, an initial payment of 10 per cent., amounting to about $360, is required, whereafter not more than $30 per month is required to cover all further installments.

THE COLDSTREAM RANCH

Good Deal of Interest on the Coast In Its Reported Sale

By Special Representative.

VANCOUVER.—Considerable importance is attached to the report in Vancouver of the sale to Lord Gowdray, whose name was recently connected with a big oil transaction, of the famous Coldstream estate in the Okanagan Valley. It is stated that the estate will be sold or developed on a large scale. The Coldstream property, comprising 3,750 acres, is one of the finest farms in the whole Dominion. It was sold by the Earl of Aberdeen and James Buchanan.

A greater part of the estate has been divided into blocks of from two to thirty acres which have been purchased by individual settlers, the estate management undertaking the nurture of all orchards. There is a model farm which has proven a conspicuous success and settlers from the surrounding district have been given the facilities of the place.

The Coldstream Valley was incorporated in 1907 as a district municipality and a council elected annually from property holders controls the civic affairs. A domestic water supply installed in 1911 at a cost of $125,000 distributes water over the ranches and the Okanagan Telephone Company serves each resident. Transportation facilities are excellent, both the C.P.R. and Canadian National serving the district. The White Valley Irrigation and Power Company, a subsidiary of the Coldstream Company and controlling a system capable of serving 20,000 acres of land, is included in the purchase. The property, which is within three miles of the city of Vernon is 1,500 feet above the sea and has an average annual rainfall of twelve inches.

APARTMENTS FOR KINGSTON

Company Formed to Erect Several on Hotel Dieu Property

A company has just been formed in Kingston for the purpose of erecting eight or nine modern and thoroughly up-to-date apartments, each consisting of a living room, a dining room, a bedroom, a kitchenette and a bath room, together with lockers and laundry in the basement.

These apartments will be erected on the old Hotel Dieu property on Brock Street, between Montreal and Clergy, now occupied by Kent Bros. mica works, and work will be begun probably in September or October as soon as Kent Bros. ca nmove into their new quarters on Gore Street, which they have bought from Mr. John McKelvey. It is expected that the apartments will be fully completed and ready for occupation by the first of the year.

CONVENTION OF REALTY MEN MET IN VICTORIA, B.C.

Inter-State Realty Association Has Over Thousand Members

NUMBERS GROW

President Advocates Thorough Investigation of Cost of Building Materials, Labor, Etc.

By Special Representative.

VANCOUVER.—The Inter-state realty convention which was held in Victoria last week was watched with great interest by property sellers throughout the West and particularly on the Coast. President F. S. Goodwin reviewed the history and progress of the association and recommended a thorough investigation into the cost of building materials and labor, together with the return that the property owner receives. This, he said, was necessary to afford the property owner a sufficient income to make real estate an attractive investment.

"In the matter of taxation," he said, "it has long been known that real property has been taxed out of all proportion to that of personal property. This subject should have the personal attention of a competent committee on taxation, that real property may enjoy a fair and just tax, and I would recommend that committees be appointed in each state to make a thorough investigation and such recommendations as will tend to relieve the situation.

Dealing with the affairs of the association, secretary P. A. Cowgill said that while two years ago the membership had been 598, to-day in four states and two Canadian provinces it was 1,007. He also touched upon the real estate license law, which, although endorsed and passed by the State Legislature or Oregon, had failed in Washington, Idaho and British Columbia. He also expressed the opinion that a definite limit should be placed upon taxes as was the case in Ohio, which limited its taxation to one per cent. of the property value.

A VANCOUVER LANDMARK

Hudson's Bay Co. Buys Up the Old New York Block

By Special Representative

VANCOUVER.—One of Vancouver's old landmarks is destined to pass within a short time in the opinion of those in close touch with the affairs of the Hudson's Bay Co., which has just completed the purchase of the "New York block" on Granville St., immediately adjacent to the present premises of the company. The price paid is at the rate of $3,500 per foot frontage and the deal is probably the largest in the coast province since the close of the war. The property was the site of the C.P.R. offices in the early days of Vancouver, the buildings being erected about twenty-five years ago. At present they are occupied by four business houses, operating on leases, three of which run out early next year, the fourth running for three years.

The property was sold by J. J. Banfield and L. W. Brown, on behalf of the owner, Julius Brown, a resident of Santa Monica, California, the deal being negotiated by the firm of Pemberton & Sons, of this city.

The Hudson's Bay Co., which about three years ago greatly enlarged its store space at the Granville-Georgia-Seymour corner, will now extend to the north, this move having been made necessary by its rapidly expanding business. The present premises run through from Granville to Seymour Street, and the new Granville frontage will enable the company to equalize its frontage on Seymour Street.

OSHAWA BOOMING

It is estimated that about three million dollars are being expended in the erection of manufacturing plants and workingmen's homes in Oshawa. General Motors of Canada, Ltd., the Chevrolet Co., and the Oldsmobile Co. are all carrying on extensive building programs. About 800 dwellings are in course of erection and will be completed before the snow flies. Builders from Brockville, Kingston, Port Hope, Bowmanville and Toronto have secured contracts for dwellings.

It is practically impossible to secure accommodation for the workers and contractors have erected large tents and are housing and feeding the workmen in them. With the influx of population there is a lively demand for stores, and in order to retain occupancy of their premises merchants are being forced into buying. Property is being sold at city prices.

Milton Hersey Company
Limited
Industrial Chemists, Consulting Engineers and Inspectors
Testing and Inspection of all Materials
Mining Engineering and Mine Management
Specialists in Paving Engineering and Testing of all Building Materials
MONTREAL WINNIPEG

ASSESSMENT SYSTEM
CANADIAN ORDER OF CHOSEN FRIENDS
HEAD OFFICE HAMILTON, CANADA

The Order furnishes life insurance to members in accordance with the Standard of the Government of Ontario. Sick and funeral benefits are also given if desired.

No charters are granted to Local Councils outside of Canada. Being confined to this healthful Northern Zone, the death rate is small and rates proportionately low. The Order has already paid over five million dollars in death and disability claims, and over five hundred thousand dollars in sick and funeral benefits.

Over 600 Councils in Canada. If there is not one in your locality there should be. For full information write to any of the following officers:

J. L. Davidson, Grand Councillor.
W. F. Montague, Grand Recorder
W. F. Campbell, Grand Organizer.
J. H. Bell, M. D., Grand Medical Ex.
HAMILTON - ONTARIO

British America Assurance Co.
Fire, Marine, Hail and Automobile Insurance.
HEAD OFFICE - - LONDON.
BOARD OF DIRECTORS: W. B. Meikle, President and General Manager; Sir John Aird, Robert Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, E. Hay, John Hoskin, K.C., LL.D., Z. A. Lash, K.C., LL.D., Geo. A. Morrow, O.B.E., Lt.-Col. the Hon. Frederic Nicholls, Brig.-Gen. Sir Henry Pellatt, C.V.O., E. R. Wood.
Assets over - $4,000,000.00
Losses paid since organization, over - $45,000,000.00

Western Assurance Company
Fire, Marine, Automobile, Explosion, Riots, Civil Commotions and Strikes. Insurance.
Incorporated 1851
HEAD OFFICE, TORONTO, ONT.
Assets over - $7,000,000.00
Losses paid since organization over - $74,000,000.00
BOARD OF DIRECTORS: W. B. Meikle, President: Sir John Aird, Robert Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, E. Hay John Hoskin, K.C., LL.D., Z. A. Lash, K.C., LL.D., Geo. A. Morrow, O.B.E., Lt.-Col. the Hon Frederic Nicholls, Brig.-Gen. Sir Henry Pellatt, C.V.O., E. R. Wood

5% AND ABSOLUTE SECURITY
Over 200 Corporations, Societies, Trustees, or Individuals have found our Debentures an attractive investment. Terms one to five years.
The Empire Loan Company
Winnipeg, Man.

For the well groomed man
TEXEND BRACES
Finer than the imported
The Dominion Suspender Co. Limited
NIAGARA FALLS, ONT.

SOLICITORS
TORONTO
BLAKE, LASH, ANGLIN & CASSEL
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Canadian Bank of Commerce Building, Toronto
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CHARTERED ACCOUNTANTS
EDMONTON, ALTA.
Baldwin, Dow & Bowman, Jackson Block

Route Your Shipments
CANADIAN NATIONAL

For the quarter to June 30 the sales of farm lands by the Hudson's Bay Company amounted to 67,650 acres, realising £236,300, in contrast with 119,500 acres for £445,300 for the corresponding period last year. The town lots sold improved from £280 to £1,340, so that the total receipts were £131,100, as against £149,700 for the June quarter of last year.

FRANK A. VANDERLIP CONTINUES HIS VIVID SURVEY OF WAR-RIDDEN EUROPE

Continued from page 10.

but when the value of the currency of another goes through such a wide range as is experienced in current quotations the effect is felt throughout the furthest reaches of commerce. Measured in terms or our money there has ben a fluctuation during the war period in the value of the pound from $7 to $4.50, of the franc from 33 1-3c to 15c, of the lira from 25c to 11c, of the peseta from 30c to 18c, and of the guilder from 52⅝c to 39⅝c, and all this to say nothing of the fluctuations of the mark, which has been from 26c to 17, and of the kroner, which has been from 47¼c to 24⅝c.

Take a nation like Italy, for example, which must import every ton of coal that runs its locomotives or feeds its factory boilers, and which pay for all its raw material, nearly all of which is bought in other countries. A fluctuation in the value of the lira measured in dollars, becomes a matter that affects peasant and every industrial worker. A fall in the value of the lira must immediately be reflected in the rising price of everything imported and indirectly in rising prices of domestically produced articles that have some relation to the cost of imports.

So the question of "The Exhange" has gone beyond the minds of bank employees who are accustomed to looking at the financial centres of the world as so many squares on a chessboard and transferring balances from this centre to that with an infinitesimal shade of profit in the transaction. These were formerly the men chiefly interested in foreign exchange, and all that the public knew about fluctuation had to be learned from a little paragraph at the end of the financial article giving in fine type the leading quotations never looked at by the ordinary reader. To-day "The Exchanges" affect the immediate conditions of the daily life of everybody in Europe who has to buy in some form commodities purchased in foreign countries.

In large measure the, urgent demands of Europe to-day are for purchases to be made in America. To make these purchases the buyer must have dollar exchange. That is to say, he must be able to make the payment in current funds in the United States either directly as an importer or indirectly by way of giving funds into the hands of the importer to pay for his importations. As the dollar rises in value because there is a demand for it not counterbalanced by a demand for pounds or francs or lire, there comes into the minds of the people who have not ordinarily dealt in the subject of exchange the feeling that the Americans are charging too much for their dollars. There is a lack of clearness of thinking surrounding the factors of this exchange problem that runs all the way from workmen to finance ministers and more than one finance minister has spoken to me in complaining tones in regards to our greediness, as exhibited in the high rate of dollar exchange. I have had finance ministers tell me that the American banks ought to get together in some way and supply dollars so that the exchange rate would not be so adverse to the harassed countries who want to buy our goods.

This attitude of mind looks no further into the subject than that of the man who found himself inconvenienced by extremes of weather, and inveighed against the thermometer. A thermometer measures the temperature. It does not create it, and stoking the furnace is obviously the thing that must be done rather than to spend time grumbling about the thermometer. Just so with the exchanges. The quotation of exchange registers the direction and the extent by which the total importations and exportations of a country are out of balance. It is no more a matter that can be corrected by bankers, who happen to be the men who hold the visible gauge that marks the fluctuations of the exchanges, than the temperature could be regulated by some attempt to control the movement of the mercury in the bulb of the thermometer by other means than altering the general temperatures that surrounds that instrument.

Like a Set of Balances

One might compare the foreign trade movement of a country to a set of balances. Put in one pan of the balance a weight representing the value of all the exports from a country. Put in the other pan a weight representing the value of all the imports into the country. Now if the scales are out of balance how can they be adjusted? The direction and the amount by which they are out of balance will be indicated by the pointer on the scale, but that pointer is not to blame if it points to a figure that means a serious handicap for those who wish to buy in foreign markets. The correction must be made by the weights in the balance pans. The ways in which these weights may be varied are few and they may be easily comprehended if one will but think of the fundamental factors involved. In the main the correction must be made by cutting down the weight representing imports or adding to the weight representing exports. When the deficiency of exports was slight, and the financial mechanism of the world normal, the correction was made by shipments of gold. The shipment of gold tended directly to correct the balance, first, from its own weight, but in a much more important measure from its indirect effect. When gold was shipped out of a country interest rates tended to rise and prices to fall. The markets of that country became more favorable to buy in time to sell it, and the country's exports increased while its imports decreased. Thus the balance was brought back toward the normal. Now, however, we have a situation where that form of correction can not be applied or can only be applied in an ineffective way. What else can be done to adjust the weights in the pans so as to hold in check that tendency of exchange rates further to fluctuate from the normal? A nation that faces an imperative need for imports, and that has, for the time being at least, an insufficient amount of exports to counterbalance its imports may throw into the pan with its exports one other weight, the weight of its credit. If such a nation can make an external loan, the proceeds of that loan have the same effect in tending to bring back toward the normal the exchange rate as would an amount of merchandise exports of the same value as the loan.

If the out of balance condition is only a temporary one that needs but the progress of a season to correct, then the loan may take the form of bank credits; and the function of international bank credits is usually that of correcting temporary out of balance conditions. But Europe faces a situation in which its demands for foreign goods must exceed its ability to supply merchandise for export for a good while to come, certainly for a longer period than it would be safe or wise or possible to create bank credits of sufficient volume to counterbalance the deficiency of exports. There must exist, therefore, for a considerable period a situation in which most of the countries of Europe must effect term loans in volume sufficient to make up the deficit between the utmost these countries can export and the minimum of imports upon which they can exist. These loans must have a term that takes them out of the category of bank credits and puts them in the form of investment securities.

Here then is one reason why America must become an investor in foreign securities. Such a result is an absolutely inevitable consequence of the situation in which Europe finds itself. to-day. Certainly imports of raw material Europe must have to continue its normal life. For the time being Europe has little or no goods to offer in exchange for the essential raw material which must be had to start and feed her industries; and so she must fill into the pan of the scale along with her deficient exports additional weight representing foreign credits.

True Factors in Exchange

It seems to me that the foregoing indicates the true factors that influence foreign exchange. There is no legerdemain of finance of which I am aware that can change these fundamental factors, and any thing that appears to change them will, I believe, upon analysis be found to fall within the principles that have been here suggested. We have had the phenomenon of "pegged exchange," which might seem to offer the ground for the belief that there is some way of controlling the temperature by controlling the thermometer. For a long period the pound sterling was "pegged." That is to say, the price of dollars in the London market or the price of pounds in the New York market was from day to day the same and the quotation was "pegged" at a fixed figure through some power exercised by the British Government. What was that power? It was merely this in its ultimate analysis: The British Government stood prepared through its agents to buy all the exchange offered and to sell all the exchange demanded. It, in a measure, controlled the amount of dollar exchange that its own traders demanded by limiting the imports of goods into England and thereby limiting the demand for dollars to pay for imported goods, but as the two pans of the scale were thrown out of balance by an excess of imports into England above the total value of her exports she had to maintain the balance by creating Government credits in dollars. This was done first by appealing to our investment market and later by contracting loans directly from our Government.

England's effort to "peg" exchange first resulted in the necessity of exporting to us $1,300,000,000 of gold. So that in the first instance the deficiency of commodity exports of gold had a double purpose; first to pay a deficient balance; second, and quite as important a purpose, to flood our market with gold, keep down the interest rate and to make possible the subsequent borrowing that the English Government knew would have to be done in order to continue to keep the scales balanced and the price of sterling "pegged." When the flow of gold was exhausted Great Britain went to our investment market and secured about $1,500,000,000 of credit to throw into the deficient pan. Later, after war was declared by America, our Government made huge loans to the British Government, and these loans week by week were dropped into the pan of the balance along with Great Britain's total exports in just sufficient amounts to hold the pointer on the scale at 4.76⅝, as the weight in the other pan was increased by her constantly growing imports.

That is the way the sterling rate was "pegged." The rate was maintained at 4.76⅝ only because Great Britain continued to have borrowing ability sufficient to create a credit equal to balancing her deficiency of exports. The moment that borrowing ability shall cease or is not further exercised any discrepancy between the total exports and total imports will make itself manifest through the pointer on the scale. That is to say, the rate will be no longer "pegged," but will fluctuate as the pans of the scale are put out of balance.

CHAPTER X.
Credit

REDIT is so delicate a thing it is dangerous to talk about it. If a credit is to be weighed and analyzed, and the chance of its failing to be repaid appraised, the not unusual course of the conservative financier or investor is to say that he wants nothing to do with it.

There is not a credit in Europe today that does not need to be weighed and its chance of repayment carefully appraised, but it will not do for America to say that she will keep her dollars at home henceforth and get into no further entangling foreign financial alliances. One American financier in Europe summed up his view of the situation by saying that he would advise his partners henceforth to keep very close to shore. My reply was that keeping close to the shore might result in having a hole stove in his boat. America cannot keep close to the shore. We are launched, whether we like it or not, in the world's current. We have moral responsibilities that should and will appeal to us, but if we only look at the situation on the narrowest of material grounds, and look with clear vision, we will understand how involved is our civilization with the civilization of Europe, and we will comprehend what it will mean if by failing Europe in her hour of great need we prematurely injure the fabric of civilization there.

Britain's Vast Debts

The British Chancellor of the Exchequer looks forward to British taxpayers facing an annual budget, after the extraordinary expenses of demobilization have been met, of £766,000,000, which is £114,000,000 more than he can foresee as likely to come into the treasury from the present rate of taxation. The cost of the war after demobilization will astound the world. From April 1, 1918, to the day of the armistice Great Britain's war expenditures were £7,442,000 per day. From the armistice to March 31, 1919, they have averaged £6,476,000 per day. From the armistice to April 1, 1919, England paid out £52,000,000 in gratuities to the members of the forces who were demobilized, and unemployment doles absorbed £13,000,000, that figure, of course, being since much increased, as it grows by one million and a quarter pounds a week.

England set an example in taxation to all nations. In the year ending April 1, 1919, 34½ per cent. of her total expenditures were provided by taxes, and for the five years of the war ending April 1, 1919, 28½ per cent. of the total war cost was provided from revenue.

At the outbreak of the war the British national debt was £645,000,000. On March 31, 1919. it was £7,435,000,000, of which £6,085,000,000 was internal and £1,350,000,000 external. The forecast for the year ending March 31, 1920, indicates an expenditure of £1,435,000,000, and a revenue of £1,160,000,000 with a deficit to be met by borrowing of £275,000,000, although the Chancellor prefers to make a safer estimate and put the new loans necessary as totalling three hundred million pounds.

That does not measure the borrowing the Treasury faces, however. The floating debt on March 31 amounted to £1,412,000,000. Most of this is in three months' Treasury bills, and constant appeals to the market must be made to renew these floating obligations. On top of this are the national currency notes, demand obligations of the Government in the form of circulating notes, which on April 23, 1919, stood at £349,000,000, and were supported by a gold reserve of £28,500,000. Their amount is steadily rising. The aggregate amount of legal tender money of England, which at the beginning of the war was £214,000,000, is now more than £540,000,000.

These figures take no account of the obligations owed to England by her allies and Dominions. These obligations on March 31, 1919, amounted to £1,734,000,000.

Fictitious Wealth

As Mr. Chamberlain wisely observes, the hard, inexorable economic facts of Great Britain's financial position are obscured by a fictitious appearance of wealth. There is between two and three times as much legal tender money in circulation as there was before the war. The deposits of the joint stock banks have more than doubled. Almost all of their additional deposits are represented in their portfolios by short dated Government securities. The average figures indicate that about 46 per cent. of British bank portfolios are in Government obligations. The great French banks by comparison show about 80 per cent. of their portfolios in Government paper.

I am not going to burden these pages with any statistical analysis of the financial position of the various Governments. The position of every one of them that was directly involved in the war may be frankly accepted as critical. To England one might perhaps better apply the word "difficult" than "critical," but as for the rest, the position of the domestic bond holder gives promise of unpleasant eventualities either in the way of scaled obligations or depreciation of the currency in which the debt is measured, or of such a direct tax as the voters of Switzerland have just imposed. M. Klotz, the Finance Minister of France, without, one fears, a clear economic understanding of the problem, proposed a capital tax in France. The proposition met with such a roar of opposition that it was dropped almost as soon as it was proposed.

In the chapter on France I have given some indication of the national financial burdens. In Italy the national debt is less, but its crushing weight is proportionately as great, particularly in view of Italy's comparative poverty in natural resources. When we turn our attention to Poland, Lithuania, Czecho-Slovakia, Jugo-Slavonia, and Greece, to say nothing of Germany, Austria and Turkey, the situation presented in each case is desperate. Just how desperate no one could measure, because to-day no one knows what is the debt of any of those countries. They have been made up by a redrawing of national lines, but it was found easier to draw national lines, infinitely difficult as that task is, than it was to reapportion to the new nations with a just allocation that part of the old debt of the nations from which the new countries have been made.

Anything like a discussion of the national finances of most of these new nations with a view to definite action is wholly impossible until the Governments which they have temporarily set up have been formally recognized by the great Powers, and that recognition, up to the moment when this is written, has not been definitely given. Such nations as Poland, Lithuania and Czecho-Slovakia might conceivably go to their own nationals in America and raise a certain amount of credits without having the basis of those credits very closely scanned, but even that is impossible until the United States has officially recognized those Governments. Rumania has a better foundation for national credit than the other smaller nations mentioned because her existing debt is not overwhelming and her resources in oil and agriculture are very great indeed. But even so, she is not at the moment in a position to command even a part of the credit that she vitally needs.

All Open to Vital Objection

In any consideration of credits in Europe, whether they be national or individual, whether they be secured by claims upon the German indemnity as collateral or offered by corporations or individuals of wealth, they are all open to one vital objection. There is no political safety in Europe anywhere so long as there is left any country unable to command a sufficient amount of credit at least to make the beginning of an attempt to restart its idle industries. I have said elsewhere, but it cannot too often be repeated, or too clearly kept in mind, that paralyzed industry, idle workmen, stoppage in the flow of manufactured things, and the want and hunger which must follow as a consequence, all of which is emphasized by the breakdown of domestic transportation, spell Bolshevism.

If the foregoing is a correct view, then Europe must be looked at as a unit and one must cease trying to find a nation here or there, or a loan of one character or another that in itself is thought to offer a fair basis of security. There cannot be security in an atmosphere where Bolshevism is contagious, and where an outbreak in one centre is almost certain to be communicated to adjacent regions. Any attempt to grant credit facilities for the rehabilitation of Europe must, I believe, be so comprehensive in its character as to embrace at least a serious effort to restart the industrial cycle in all the European countries. I did not include Russia in that category because, for the time being, Russia is outside the pale of capitalistic consideration, for there is no Government with which capital can contract. Bolshevist Russia must, for the present, be economically isolated as a patient too dangerously involved with contagion to permit any financial intercourse.

Are we then to give up the task as hopeless and mark the whole field as too dangerous for timid dollars to enter? My answer would be that under no circumstances should we do that. It would be morally cowardly, and financially more dangerous than would be an intelligent attempt to grapple comprehensively with the problem.

How, then, shall we take hold of it? If we cannot let the usual principles of credit govern our financial decisions, if all Europe is so knit together that we must be guided by her necessities rather than by the security that individual countries can offer, how can we make a beginning?

In the first place, to put it frankly, Europe is in a situation where to my mind she must needs give receiver's certificates for the credit to get her going again. By receiver's certificates I mean national obligations having a prior lien upon the national income. It would perhaps be impossible to get any one of several nations to offer such security, if approached individually, but I believe if an identical formula were presented to each nation, and if all were alike asked for a prior lien, the difficulties of national pride would be more easily overcome.

I will not here go into the details of a plan which has been suggested to our own Government and to leading European officials and financiers. Perhaps before these pages are printed that plan, or some modification of it, or some other plan that recognizes the principle of dealing with Europe as an entity in the first instance of granting credit, will have been agreed to. In any case, events are traveling too fast to make the pages of a book a suitable place for such a current discussion. I will merely presume that some way is to be found to grant the first credits that are so vitally essential to provide each of these nations with a certain amount of machinery, raw material and railroad equipment to permit a beginning in the direction of restarting the industrial cycle, and I will pass to some consideration of what the next step may be.

Sound Basis Not Lacking

Let no one think that Europe is lacking in a sound basis for obtaining all the credits that the lending nations can possibly extend, provided Europe gets fairly started back on a return to normal economic life. Not only is Europe enormously rich, but there is inherent in the present situation a power of rapid recovery, if the tangle can only be straightened out, which will set the continent in the direction of recovery. If industry is not promptly restarted the possibilities involved are too black to picture, but if all these nations can be faced in the right direction it would be possible to wipe out most of the scars of war in an amazingly short time.

If I read the situation aright, there is to be a new type of financial relationship. Europe lacks credit, but it has something that America lacks. It has experience and an understanding of international business which goes in many instances far beyond our own experience. It seems to me that this should be the best of grounds for a partnership in commercial and industrial affairs. We would bring to the partnership capital and a certain amount of imagination and vigor, while the Europeans would bring an industrial plant and a commercial organization thoroughly experienced in fields where we have not adventured.

The cotton mills of Italy give an outlook into the Near East and I believe it would be greatly to the advantage of cotton interests ambitious to extend markets in that direction to work with Italian cotton mill interests. The Italians have been extremely clever of late years in the production of cheap goods for the Near East. They have an abundance of labor. They lie on a route between our cotton fields and the ultimate market and they know the market.

Belgium has done successful industrial engineering quite around the world. She has strong men with practical experience of construction and installation over the widest territory. They have a great number of plants of one sort and another operating in almost every important country and they have many projects in hand that have been studied, some of which are ripe for execution. There could be a partnership of American capital and industry formed with Belgian experience in industry which might play a great international role.

There is no more dreadful error to be made by America than narrowly to conclude that foreign trade means merely selling our products and to close our minds to the idea of helping rehabilitate and making future markets for the product of European industry. Some may hold the opinion that a loan of credit to rehabilitate industry in Europe would be merely a loan to help our industrial competitors more quickly to get back to a position where they can outstrip us in competitive markets and therefore we had best keep our credits at home and push our present commercial advantage. It seems to me that this conception is as seriously wrong as possible. Foreign trade is interchange and distinctly not to be conceived of as merely selling by one country to other countries. As European industry is rehabilitated and as surplus products are made that can be exchanged for the surplus products of other countries, the world will get back to something like normal life.

For the moment the world has no conception of how disorganized its affairs are as a result of this disorganization of European industry, because for the moment there are effective demands that pretty well take up any slack there is in productive capacity anywhere. The credits will be quickly exhausted upon which much of the purchasing has been done in international markets in the first six months since the armistice, and the new credit may be slow of creation. For a time international trade must be moved by credits, because Europe is in no position to produce exportable surpluses of anything in appreciable amounts and therefore will not have normal amounts of goods to exchange for other goods until the industrial processes and the former reactions in demand of one industry upon another have been set in motion.

Question of Banking Credits

Of course banking credits will ultimately come into the picture, but there are great misconceptions in the minds of Government officials, of business men, and I would even venture to say in the minds of some bankers, as to the proper function of bank credit in such a situation as the present one. I have always felt that it was salutary to look at a bank, not as an inexhaustible fountain of credit, but rather as the greatest debtor in the commercial world. We are apt to speak of the resources of a bank instead of that exactly counterbalancing figure, its liabilities; and borrowers at least do not keep clearly in mind that the banks are the greatest borrowers of all, and that they owe all of their resources, except the modest percentage that represents their capital; and, more than that, stand committed to the repayment of their debt on demand. All this means that wise bankers will not tie up in long term credits the funds that they owe to depositors on demand. The credit that represents goods in transit, raw material in process of manufacture, products moving directly into consumption is the ideal form of credit for bank loans. All credits that inherently have in them the power of self-liquidation is the proper use for bank resources.

When a bank begins to loan against a commodity in transit, and further agrees to renew those loans for a period of a year or two after the commodity that formed the original basis of the loan has passed into consumption, the bank has engaged in financing rather than banking. If it takes on much of this character of business it is on dangerous ground. Personally, I believe one of the few serious errors, in disregard of the sound principles of banking which the Federal Reserve Board has made has been to permit the rediscounting of bills that have been drawn under agreements to renew. Such bills cease to have any self-liquidating character, after the goods against which they were drawn passed into consumption while the payment of the original bill is extended.

Continued next week.

MILLERS DO NOT FEAR THE WHEAT MARKET PROGRAM

Do Not Think Government Could Have Done Otherwise

DEALERS UNCERTAIN

Flour Distributors Think It Will Remain to be Seen How the Scheme Will Finally Work Out

Eastern opinion does not seem to hold the same apprehension towards the Government wheat scheme indicated by advices from the West.

"I can't see how the Government could do otherwise," remarked C. B. Watts, of the Dominion Millers' Association, when asked for his opinion. "The United States has fixed the price of wheat at $2.26 per bushel," he continued, "and Julius Barnes, of the United States Grain Corporation, has stated that the United States is prepared to supply Europe with wheat at that figure. On Monday last, October wheat sold on the Winnipeg Grain Exchange at $2.45 per bushel. Consequently, with a quotation of $2.45 per bushel for Canadian wheat staring Europe in the face, it is not likely that there would be much of a market for Canada's wheat, and the crop would be unsold."

The arrangement as outlined by the announcement from Ottawa, Mr. Watts pointed out, is a very feasible plan, and one he believed that would recommend itself alike to farmer, grain dealer, miller and consumer. It is a modification of the Australian system, with important changes, that make it workable for Canada. Reports have shown where the Australian wheat had sold at 63 cents per bushel above the Government advance to the farmer. The continuation of the speculative element as contained in the trading in wheat futures on the Winnipeg Exchange, Mr. Watts believed, would have wiped Canada, commercially, off the map. There has yet been no new Western wheat offered on the spot market, and all speculators were doing was boosting the market on prospective yields. Some small shipments of Ontario wheat have already been sold to millers. They are paying from $2 to $2.05 per bushel at points of shipment. No mention is made in the Government announcement in regard to Ontario wheat. The price at which it is now selling is slightly below the fixed war-time price, namely, $2.25 per bushel, on track at Montreal. Some millers, however, have expressed a willingness to pay the farmer a fixed figure.

Mr. Watts stated that the Government has followed, to the letter, the request of the Canadian Council of Agriculture, in outlining the new plan. He believed it would meet with general approval.

The Dealer's Viewpoint

W. C. Omand, a prominent Toronto flour dealer, thought further details as to the working out of the plan were necessary, before it could be thoroughly understood. Nothing has been stated in regard to regulations as to handling the Ontario wheat crop. Ontario millers are at present buying it on the basis of $2 to $2.05 per bushel at shipping points. According to the new plan, the miller in the country who buys direct from the farmer will have to sell to the Board, and then re-buy from it. This, no doubt, would entail considerable detail, but would be the only way to meet the new conditions. The millers, having to buy the wheat from the Government Board will sell flour for export. The price of flour for domestic account will be fixed at a figure, allowing a reasonable profit, and millers will be permitted competition within that maximum.

Just what the export prices for flour will be is hard to say. The action of the Government will, no doubt, protect the interests of the Canadian miller in the export trade. This is practically necessary in view of the fact that the United States Government has guaranteed the wheat price there. Should the United States millers be able to buy under the fixed figure, they might be able to undersell the Canadian miller. With the plan now to be undertaken by the Canadian Government, this danger will be offset. Advancing the Canadian farmer $1.75 per bushel, and should the price be not above that figure, will enable millers to compete fairly with the United States.

Sterling Offices, Limited, of London, have opened offices at 803 Bank o Hamilton Building, Toronto, under the management of Mr. H. Marshall Robertson. The business done will be entirely reinsurance in fire, hail, automobile and casualty.

CONDEMNS COERCION

Sir Henry Drayton Speaks Out Re Express Campaign

The methods employed by public representatives to coerce administrative bodies and courts by raising public agitations when decisions and rulings are pending is strongly condemned by Sir Henry Drayton, chairman of the Railway Commission, in connection with the hearing of the application regarding express company deliveries. He refers to what amounted to threats of public ridicule if the Commission did not speed its action, and states:

"A court that can be influenced by threats, as a court, is useless. The court, which on the one hand neither desires praise nor fears censure, and is concerned in doing aught, but what is the right thing to be done under the circumstances before, within its jurisdiction and subject to the law, is worse than no court at all. If railway companies or express companies are to be governed by a display of force, threats, or bad temper on the part of those adversely interested, it will not be long before they cease to exist. If force and threats are to influence the decision of the courts they might as well be done away with at once, and the ultimate force of Bolsheviki rule adopted."

WHOLE WEST IS TORN BY ACTION RE WHEAT MARKET

Continued from page 1.

Governments intend to make use of existing channels for doing the work. Everyone knows that the forms, grain tickets, etc., will have to be entirely different from what they were in former years. All these new forms will have to be drafted and printed. It will not be humanly possible to have them ready by September first. There will be at least 200,000 farmers to deal with, and either the Government or the elevator companies will have to be prepared to keep those 200,000 accounts. There will be at least thirty grades of wheat and quite possibly thirty-five to have the scale of advance fixed on and the amount of each grade sold by each farmer will have to be tallied and kept in order that he may receive his additional amount when final sale of the wheat is made. It is easily conceivable that instead of being the end of 1920 when he gets final returns, it is quite likely to be the end of 1921.

Speculation and the Farmer

There is much talk of the future market being closed to eliminate speculation, but how about the farmer speculating on his chances in the pool? Say a farmer has sold ten thousand bushels of wheat and has been advanced $1.75 per bushel on that wheat and holds a receipt from the Government that he has a claim against the pool for whatever the advance on that price the wheat may be sold for less the cost of handling, What is to prevent his selling his chances in that pool? That would be some speculation. Again, if the Government is to obtain the best market price for the wheat it may have to hold the wheat for months in order to make sure that the best possible returns are being obtained, surely that also is speculation.

How is the Government to enforce any higher price than that advanced on the wheat? It is claimed that there is a shortage of hard spring wheat and that Europe will have to have the Canadian hard wheat, but that is not correct. Britain and Europe want Canadian wheat, no doubt, but they want it at a reasonable price, and they will be in a position to advance the very cogent argument that the Canadian Government have indicated the value of the Canadian wheat by limiting the advance they are willing to make on it to a sum at least 50 cents per bushel below the American fixed price, and that, too, in the face of a market which, in the few days it was open, advanced 25½c per bushel.

They may claim with every show of reason that all the wheat is worth is that advance plus the handling charges, and refuse to pay more, and there is no power in the Canadian Government to force them to take it.

Is It a Fixed Price?

The plan proposed eliminates competition for the wheat, and without competition, and without a fixed price there is grave danger that the proposed advance will be taken by prospective buyers as the actual market value of the wheat plus the cost of handling. With conditions as they have been in the Canadian West for the last two years, the margin of profit to the farmer in wheat at $1.75 basis Fort William for his top grade will be very small. The percentage of top grade in the present crop will not be large owing to heat and rust.

CREDITS TO ENGLAND

Canada Has Lent $167,000,000 Since September

OTTAWA.—Sir Thomas White announces that since September last credits to Great Britain, aggregating $167,000,000, had been furnished by the Government for the purchase of last year's wheat crop. In addition, about $25,000,000 had been supplied for the purchase of other foodstuffs and over $12,000,000 for timber.

HISTORY PROVIDES A WARNING AS TO PUBLIC FINANCE

Continued from page 1.

disastrous habit was formed of repudiating just obligations.

Thirteen Millions Lost

The injustice of making the thrifty and wisely guided municipalities pay for the default of those who had ben misled by the demagogues of the day, was so keenly felt that the plan was devised of forgiving certain municipalities which had borrowed more moderately, reducing the indebtedness of those which had borrowed heavily, and of voting $3,388,777.40 to be distributed among the other municipalities. The total net loss to what is now Ontario was over $13,000,000, though the tax-payers had been solemnly assured the province would not lose a cent.

It is to be borne in mind that before the disastrous Municipal Loan Fund was inaugurated, Upper Canada was making steady and indeed rapid progress. It was being settled by an energetic population and before the retardation above preferred to was making as satisfactory progress as, for instance, Ohio. The fact that some Ontario municipalities have now to pay about double the rate of taxation in such Ohio cities as Cleveland, is a serious handicap in the keen competition we must shortly face.

A few years after this closing of the matter, in 1883, when the details were fresh in the minds of all, the results were described as follows: "Important sections of the Province were retarded in the march of improvement and property there was depreciated in value."

Lessons to be Learned

Some of the lessons to be gathered from a consideration of the history of the Municipal Loan Fund are:—

(1) That moneys borrowed or guaranteed by municipalities as well as by individuals must be repaid, and with interest.

(2) That permanent prosperity cannot be founded upon the extravagant expenditure of borrowed money.

At the present moment expenditures of public money are popular with professional politicians, who can bring great pressure to bear upon the authorities, are able, in the present state of the public mind, to secure more votes by advocating the expenditure and waste of public moneys than by advocating the saving thereof. For the time being, economy is unpopular, but, judging from the experience above referred to, this will not last many years because the time for repayment of the moneys now being borrowed with interest is arriving with sure and steady foot.

Responsibility of Public Dept.

Many people are at present under a complete misapprehension as to the effect of such public debts and are acting under the delusion that they can throw the burden of taxation upon other people. They forget that all taxes must, with exceptions which are not really important, be paid by the producers and consumers. The producers, in order to continue to produce, must throw the burden of such taxation on the consumers, who ultimately most certainly pay. Sound reasoning should convince everyone that the burden of taxation caused by the prevailing extravagance will be seriously increased and that such taxation will inevitably increase the present high cost of living. This, however, will certainly appear by experience and it may safely be stated that in a very short time extravagant expenditures of public money will not be popular in this country.

People have not yet sufficiently reflected on the fact that now, as in the days of the Municipal Loan Fund, as a general rule, (of course there are exceptions), it costs a municipality or other public body from 30 to 60 per cent. more than a private company to do the same amount of work. One of the reasons for this is that a glib talker can often secure the management of public business without much regard to his competency.

Many thoughtful persons view with alarm the growing custom of vesting in irresponsible bodies legislative as well as administrative powers and making their arbitrary decisions above the law "not subject to appeal," as the phrase is.

After a long fight it was established that even the King was not above the law and our forefathers abolished one Star Chamber. This generation is multiplying Star Chambers. When they become too oppresive and tyrannical, as most certainly they will, they can in turn be abolished.

Guard British Justice

While the mischief done will be annoying, I do not believe that in any case it will be fatal. The living principles of liberty and justice embodied in the English Common Law and in the British Constitution have enabled our race to survive many dangers in the past and I, at any rate, have no doubt they still have sufficient vitality to ensure that we shall overcome the grave perils which menace our future.

While we enjoy the inestimable blessings of British liberty safeguarded by the "peaceful reign of organized justice," to the Balfour's happy phrase it is necessary still to guard them. and of late years there have been certain tendencies which at one time threatened to destroy individual liberty, the fundamental basis of British institutions.

This habit of sacrificing individual rights persists and fundamentally is of the same nature as the act of the Germans in regarding the Treaty guaranteeing the neutrality of Belgium as a "scrap of paper."

The United States Constitution forbids legislation impairing the obligation of a contract but in Canada, apart from the power of Disallowance, the security against such vicious legislation depends largely on the "moral sense of the people with reference to moral obligations."

In dealing with this subject one of our ablest jurists made the significant remark that our provincial legislatures within the sphere of their jurisdiction "are bound by no law human or divine."

It Means Bolshevism

This constitutes an additional reason why the statesmanlike and sagacious observation of Sir Oliver Mowat should be studied by the present generation. The corrupting of the "moral sense of the people with reference to moral obligations," is the real basis of Bolshevism which, while new in name is, in grim reality, very old. It was put in practice when Cain murdered Abel and will continue as long as murder and robbery persist. It is a crude form of Socialism which is based on the abrogation of the Eighth Commandment. The moral law is one and indivisible and in destroying private property Socialism would also destroy the family and, indeed, our civilization. The fact that if all the wealth of the world were decided as some Socialists advocate, the share per capita would be about seventy-five dollars each, an amount which one of Trotzky's agents in Canada would easily save out of his allowance for traveling expenses, indicates that, as in the case of Cain, jealousy rather than envy is the cause of much of the present disturbing agitations. This pregnant fact should not for a moment be overlooked, for jealousy is a much more powerful and dangerous passion than envy.

In the War, Bolshevism and Socialism were allies of the enemy, and the murderous attack on Sergt. Coppins, V. C., in Winnipeg, demonstrates that the fight against these mischievous enemies of democracy and British ideals of ordered liberty has by no means ended.

Trotzky, who organized the I. W. W. and the other forces of Bolshevism here, is a power for evil in Canada as well as in Russia and it is a sinister fact that there are Soviets in many other Canadian cities besides Winnipeg. Our institutions are the result of a long struggle and freedom can only be preserved by eternal vigilance. In this, fight for liberty no right-minded person can remain neutral.

ANALYSIS OF THE BANK STATEMENT FOR JUNE

	June, 1919.	May, 1919.		Change in month.	June, 1918.		Change in year
ASSETS.							
Immediately Available Liquid Resources.							
1—Specie	$ 79,279,438	$ 80,004,173	—	$ 724,735	$ 75,564,627	+	$ 3,714,811
2—Dom notes ..	175,547,837	179,074,218	—	3,526,381	183,814,738	—	8,266,901
4—Gold reserve..	107,200,000	107,200,000		....	84,470,000	—	22,730,000
9—U. K. banks..	14,557,257	9,652,684	+	4,904,573	12,617,705	+	1,939,552
10—For. banks...	48,484,051	47,474,793	+	1,009,258	50,878,154	—	2,394,103
11—Govt. secs....	224,301,264	123,939,212	+	100,362,052	100,152,257	+	124,149,027
15—Call loans abd.	167,236,045	157,176,325	+	10,059,720	170,034,476	—	2,798,431
	$816,605,892	$704,521,405	+	$112,084,487	$677,531,937	+	$139,073,955
Loans and Securities Other Than Those of Canadian Government							
12—Pub. secs.....	$ 254,147,015	$ 256,617,235	—	$ 2,470,220	$ 266,226,264	—	$ 12,079,249
13—Rly. secs.	55,191,819	56,812,743	—	1,620,924	58,394,801	—	3,202,982
14—Can. call loans	95,852,728	89,187,032	+	6,665,696	76,970,920	+	18,881,808
16—Current loans.	1,043,712,932	1,071,447,686	—	27,734,754	897,226,012	+	146,486,920
17—Loans abroad.	132,525,550	127,490,932	+	5,034,618	103,033,289	+	29,492,261
19—Prov. loans ..	8,104,927	8,156,982	—	52,055	3,637,234	+	4,467,693
20—Municipal	52,349,353	50,356,227	+	1,993,126	58,000,424	—	5,651,071
	$1,641,884,324	$1,660,068,837	—	$18,184,513	$1,463,488,944	+	$178,395,380
Other Assets.							
21—Over. debts...	$ 4,210,539	$ 3,515,134	+	$ 695,405	$ 4,922,220	—	$ 711,681
22—Real estate ..	6,166,503	6,315,140	—	148,637	5,688,298	+	478,205
23—Mortgages ...	2,399,168	2,374,114	+	25,054	1,929,017	+	470,151
24—Premises	54,315,064	53,898,884	+	416,180	52,780,885	+	1,534,179
25—Lets. of credit	23,811,175	20,669,010	+	3,142,165	21,552,323	+	2,258,852
26—Other assets...	1,998,749	2,096,261	—	97,512	3,731,154	—	1,732,405
	$92,901,198	$88,868,543	+	$4,032,655	$90,603,897	+	$2,297,301
Total	$2,551,391,414	$2,453,458,785	+	$ 97,932,629	$2,231,624,778	+	$319,766,636
3—Note cir. dep...	5,930,608	5,873,250	+	57,358	5,821,486	+	109,122
5-8—Int. bk. bal..	140,242,549	126,555,745	+	13,686,804	112,389,869	+	27,852,680
Gross	$2,697,564,571	$2,585,887,780	+	$111,676,791	$2,349,836,133	+	$347,728,438
LIABILITIES TO THE PUBLIC							
Liability to Government and Circulation							
1—Circulation ..	$ 217,608,195	$ 215,895,050	+	$ 1,713,145	$ 194,681,710	+	$ 22,926,485
2—Dom. Govt....	128,890,218	113,860,593	+	15,029,625	86,436,245	+	42,453,973
3—Prov. Govt....	24,454,438	26,196,865	—	1,742,427	20,531,269	+	3,923,169
Deposits by Public							
4—Demand dep..	605,927,027	568,730,118	+	37,196,909	549,327,078	+	56,599,949
5—Savings dep...	1,139,569,570	1,107,983,072	+	31,586,498	965,934,556	+	173,635,014
Total Can.	$1,745,496,597	$1,676,713,190	+	$68,783,407	$1,515,261,634	+	$230,234,963
6—Foreign	240,201,440	221,605,846	+	18,595,594	210,118,939	+	30,082,501
Due to Banks Abroad, Etc.							
9—U. Kingdom..	$ 7,958,573	$ 6,254,219	+	$ 1,704,354	$ 6,193,978	+	$ 1,764,595
10—Foreign	32,208,785	30,319,410	+	1,889,375	30,854,313	+	1,354,472
11—Bills payable..	3,920,081	3,682,426	+	237,655	1,364,931	+	2,555,150
12—Acceptances...	23,811,175	20,669,010	+	3,142,165	21,552,323	+	2,258,852
13—Other liab. ...	4,397,934	4,457,403	—	59,469	6,449,672	—	2,051,738
Public liab. ...	$2,428,947,436	$2,319,654,012	+	$109,293,424	$2,093,445,014	+	$335,502,422
8—Due bet. banks	10,556,638	10,329,188	+	227,450	8,022,255	+	2,534,383
Gross	$2,439,504,074	$2,329,983,200	+	$109,520,874	$2,101,467,269	+	$338,036,805

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P. Burns, 1924.....	6s	100	105
P. Burns, 1931.....	5s	96	99
Can. Machinery....	6s	79	82
Collingwood Shipb'g	6s	85	90
Eastern Car	5s	92	95
Mex. North. Power	5s	11	14
Morrow Screw	5s	88	[illegible]
N. S. Steel Dbs.....	6s	87	[illegible]
Ontario Pulp	6s	101½	..
Porto Rico	5s	82	85
Sterling Coal	6s	72½	76
Stone Limited	6s	94	98
Toronto Power ...	5s	90	[illegible]
Tor. & York Radial	5s	97	[illegible]
Toronto Paper	6s	86	[illegible]
West. Can. Power...	5s	54	59

UNLISTED SECURITIES

STOCKS—	Bid	Ask
Alberta Pac. Grain, com..	122	130
Do. pref.	89	95
Belding Paul, com.	40	45
Do., pref.	88	95
British Amer. Ass.	9	12½
Can. Machinery, com.....	20	25
Do., pref.	48	53
Can. Westinghouse	115	130
Canadian Oil, com.	46	54
Do., pref.	95	100
Carter Crume, pref......	65	72
Can. Marconi	3	4
Brantford Roofing	90	..
Can. Mortgage	67	72
Cockshutt Plow, pref..	80	88
Dom. Mfrs., pref.........	50	57
Dom. Power &Trans., com	47	55
Dunlop Tire, pref.......	95	99
Eastern Car, pref.	50	..
Home Bank	90	95
Illinois Traction, pref.....	75	78
Inter. Milling, pref......	90	93
King Edward Hotel, com.	45	55
Loew's Toronto, com. ...	125	140
Wm. Neilson, com.	54	65
Sterling Coal, com.	15	17
Sterling Bank	100	108
Trust & Guarantee	81	86
United Cigars of Can., prf.	1.75	2.25
Western Assurance	11	14
Whalen Pulp & Paper, com.	25	30
Volcanic Oil & Gas......	80	88

DIVIDENDS

Company—	Date	Rate, %	Record
Brompton Paper...	Aug. 7	1¼	July
Mont. L.,H. & P...	Aug. 15	1¼	July
Penmans, com. ...	Aug. 15	1½	Aug.
Can. Converters...	Aug. 15	1¼	July
Cedar Rapids	Aug. 15	¾	July
Kaministiquia	Aug. 15	2	July
Riordon P., com...	Aug. 15	2½	Aug.
Can. Cement, pfd..	Aug. 16	1¾	July
Dom. Bridge	Aug. 15	2	July
Ont. Steel Prod., p..	Aug. 15	3½	July
Sterling Bank	Aug. 15	1¾	.....
Hollinger Mines ..	Aug. 12	1	July
Can. Foundries, c..	Aug. 15	3	July
Do., pfd.	Aug. 15	1¾	July
McIntyre Mines ..	Aug. 30	5	Aug. 1
Lake of Woods, c..	Sept. 1	3	Aug.
Do., pfd.	Sept. 1	1¾	Aug.
Bank of Com....	Sept. 1	3	Aug. 1
Home Bank	Sept. 2	1½	Aug. 1
Bank of Toronto..	Sept. 2	3	Aug. 1
Union Bank	Sept. 2	2½	Aug. 1
Royal Bank	Sept. 2	3	Aug. 15
Bk. of Montreal..	Sept. 2	3	July 31
Bk. of Hamilton..	Sept. 2	3	.....

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